

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

April 25, 1958

62nd Year, No. 17

Smith Of Pa. Assumes A&H Rate Control, Blue Cross Management

In granting three Pennsylvania Blue Cross organizations parts of rate increases they had asked, Commissioner Francis R. Smith announced that he was assuming control over the regulation of commercial A&S rates, that he was requiring the Blue Cross organizations to institute changes in coverage and operation, and that hospitals are to institute operational reforms or he will not approve the reimbursement contracts they have with Blue Cross.

Previously, so far as is known, no insurance department has asserted authority over A&S rates.

Asserting that certain commercial insurers are allegedly offering group A&S at such low rates that the insurers actually lose money on it but make up the loss on the life insurance sold to such groups, Mr. Smith asserted that he would use his authority to regulate A&S rates "to assure fair competition in rate making

of A&H insurance as between commercial insurers and as between such insurers and Blue Cross non-profit corporations."

Using A&S as a loss leader, if it is being done, "could eventually destroy the Blue Cross system, by channeling out of Blue Cross substantial numbers of the healthier subscribers while leaving in Blue Cross the bulk of poorer risks, they being mainly the elderly citizens," he declared.

It is under an opinion he asked from the attorney-general that Mr. Smith claims authority for rate regulation of A&S. The attorney-general's opinion states that in section 616 of the insurance company law the legislature unequivocally has stated "that no policy of A&H insurance shall be issued or delivered by any insurance company, association or exchange to any person in this commonwealth until the rates pertaining thereto have been filed with and for-

mally approved by the insurance commissioner." Further, the attorney-general ruled, the legislature intended that "policies, classification of risks and premium rates should not only be filed with the insurance commissioner but that he should formally act upon them either by approving or disapproving them.

The Philadelphia Blue Cross was given an increase of 39.7% against a 53% rise asked. Central Pennsylvania BC got 19.5% when it asked 28.8%, and the Pittsburgh facility was given 16.4% after asking for 21.8%.

Mr. Smith issued an 8-point order for the management of the Blue Cross organizations and asked them to submit to him quarterly reports to indicate how and to what extent they are carrying out the order. This order, in brief, requires:

The administrative officials of each Blue Cross plan shall thoroughly

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A&S Premiums Hit \$3.7 Billion; 13.6% Increase In 1957

Premiums Up \$444 Million Over 1956; Claims Insured Were \$2.6 Billion

Net premiums written in A&S insurance lines during 1957 reached \$3,699,282,000, according to company-by-company tabulations in the 1958 Survey Number of the *Accident & Sickness Review*, published this week. Claims incurred were \$2,668,898,000.

Premiums written increased 13.6%, or more than \$444 million, over the \$3.25 billion written in 1956. Claims incurred were 18.3%, or over \$412 million, more than the \$2.25 billion for 1956. The ratio of claims to premiums was 72.1% in 1957 and 69.3% in 1956. The 100 leading companies in the business wrote more than 86% of all the premiums.

In addition, Blue Cross and other hospitalization organizations reported earned subscription or premium income of \$1,322,818,000, and expense payments of \$1,248,445,000. Blue Shield

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Tenn. Assn. Has Program For Agents To Follow To Aid Automobile Insurers

Insurers of Tennessee, through its directors, has recommended that agent members "tighten their belts, roll up their sleeves, and attack with vigor any waste in service from companies, even those time-honored and traditional, that are burdensome, costly, and are not absolutely necessary." This statement was issued jointly by S. H. Warner, Memphis, president, and Clifford Love, Nashville, chairman of the casualty committee.

The association states that "we should take a long, searching look at our own procedures and be able honestly to answer the question: 'are you faithfully performing all the services that your rate of commission calls for?'"

The association realizes that, in the face of an ever-increasing cost of doing business, a loss of income would prove disastrous to many agencies with a large book of automobile business. At the same time, "thoughtful agents know that a decrease in the expense factor in the automobile rate is required." A commission reduction would, of course, provide an immediate increase of income to the companies but, like some treatments in medicine, the cure might be worse than the disease, the Insurers continued.

There has to be adequate compensation for the many services performed by agents, the Tennessee agents aver. What are agents required to do on automobile business? They list:

1. Cost of labor in selling a policy, either the agent's or that of a solicitor. This is indefinite but not inconsiderable.

2. The issuance of the policy and

setting up of records, which also vary, is estimated at approximately \$5 per automobile policy.

3. Collection expense. Agents accept installment payments in order to compete with the direct writers. This causes additional expense and the interest on the money agents borrow at the bank to advance the full premium costs at least 5%.

4. Studies show that most automobile policies are endorsed for one reason or another, on an average of once a year.

5. Agents assist in claim matters. This service is in direct ratio to the size of the premium.

The Insurers state that "these services are all necessary in order to sell our product at a higher price. Perhaps the acquisition cost of the agent and the company is excessive, but should the only reduction come from the producer's share? Our plan is to attack the waste first and see if the results accomplish the desired effect in a constructive way."

The Tennessee association makes several recommendations:

1. The agent is supposed to underwrite his business but the company does it also. This duplication could be largely eliminated if the agent would get a complete application for each risk. If it shows a record of moving traffic violation or a previous cancellation, the company will be alerted to get a credit report, decline the risk, etc. The application should be detailed enough so that, when completed, it would provide enough information for underwriting purposes.

2. Agents must also eliminate flat cancellations. A 30-day limitation

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Editorial Criticizes Cal. Agents' Threat Of Federal Suit

The first editorial comment on the astounding threat of California Assn. of Insurance Agents to bring a federal anti-trust suit against the insurance companies was printed in the April 15 issue of the *Northwest Agency Bulletin*. It is strongly critical in nature.

The *Bulletin* is an independent publication operated by Irwin Mesher, who says: "The overt action of the California association is tantamount to repudiation of state supervision—certainly an about-face on the part of the largest state association in the nation."

Mr. Mesher says the California agents have been guilty of "a disservice to the business" in hiring an attorney who has threatened the companies because there have been commission reductions on automobiles by some insurers.

Mr. Mesher comments that the California agents' action "has placed

in the hands of federal interventionists the type propaganda vehicle which will cause the industry to be maligned and pilloried by those who would usurp state regulatory powers over the business. The issue is clearly not one involving a 'local situation.' What the California association has done directly affects the welfare of all segments of the business nationally." The agents are asked in the editorial to take steps to correct "their grievous mistake" by rejecting the announced course of action. If there is evidence of violations, it is suggested, the case should be presented to the California authorities—otherwise "the association owes it to the industry to make a public pronouncement that it has 'no case' and is dropping the entire matter . . . Its leadership should rise to the occasion . . ."



"YEAH, -OUR FOREIGN DEPARTMENT BROUGHT HIM IN TO CUT AGENTS' COMMISSIONS."

Find Bugs In Company And Agency Operations

Stellwagen Tells D.C. Agents Direct Writers Have Wide Sales Lead

The insurance business is living in a general atmosphere of competition and change, Herbert P. Stellwagen,



Herbert P. Stellwagen

executive vice-president of Indemnity of North America, told Washington I-Day sponsored by District of Columbia Assn. of Insurance Agents. He pointed out that stock companies and their agents can compete in writing big business risks but are falling far behind their competitors in providing personal insurance for the mass market, and noted that specialty companies have devised methods for pricing and merchandising their policies which appeal to great numbers of buyers. These and other economic forces within and without the business are forcing an immediate reappraisal of stock company merchandising methods, he believes.

"One of the reasons for the premium growth of the direct writers is the extreme emphasis which they place on the function of pure solicitation of business," Mr. Stellwagen declared. "If we look into our own situation, I

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Sir John Makins To Retire After 47 Years

Commercial Union's general manager, Sir John Makins, will retire May 31 upon completion of 47 years with the organization. His term of 20 years as general manager is the longest in the company's history. He is being invited to join the board June 1 as deputy chairman. F. E. P. Sandilands, the deputy general manager, has been appointed to succeed him as general manager.

Sir John Makins has an unusually broad understanding of world insurance affairs gained at first hand during the early part of his career. His first assignment abroad was in 1910 in Aachen, Germany. Later he had an assignment in Paris. After war service he was in the foreign fire department at the head office before he again went abroad, first as manager in Japan and then to Shanghai as assistant manager in China.

The U. S. was Sir John's final overseas appointment. He served here as assistant U. S. manager at New York from 1927 to 1931.

On his return to London in 1931, he was fire manager at the head office until 1935, when he was appointed manager. In 1938 he became general manager. He was chairman of the British Insurance Assn. from 1947 to 1949 and in the following year he received the honor of knighthood. He was president of the Insurance Institute of London and of Insurance Orphans' Fund, and vice-president of the Chartered Insurance Institute.

O'Connell Says Voice Of Agent Not Heard In The Land; Asks Action

Arthur M. O'Connell, vice-president of Thomas E. Wood agency of Cincinnati, speaking from the agents' viewpoint on the panel discussion "What's Ahead For The American Agency System" at Washington I-Day, asserted that there will always be an agency system, but a lot of customs, traditions, taboos and, unfortunately, a good many individuals, will have to go overboard in the survival of the fittest.



Arthur M. O'Connell

Mr. O'Connell observed: "Every convention has a section devoted to what's wrong with the agency system. Speaker after speaker and writer after writer deals with the trials, the tribulations and the shortcomings of the 'American Agent.' We are dissected, researched, prodded and examined. Everyone takes us apart to see what makes us tick. From Maine to California and from Canada to Mexico we are analyzed, advertised, professionalized and tranquilized.

"Prophets, both with and without honor, strongly imply that evil days have come upon us because we are stubborn, stupid, unqualified and ungrateful. We are advised, mostly by those who sit in ivory towers on a straight salary, to work longer hours at less pay, in order that our future may be assured.

"I do not deny that some of us are incompetent and unqualified, that

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Says Agents Can Do Good Job On Loss Handling

Robert B. Ayres & Son, Chicago, takes issue with the comments of B. P. L. Carden of the National Board on agent adjustment of losses:

In the April 18 issue of THE NATIONAL UNDERWRITER, B. P. L. Carden, general adjuster of the National Board, is quoted as not liking the growing tendency of agent-adjusted losses. Apparently he feels that agents are not trained in the technical phases of these new contracts and will be paying losses without consideration of deductibles, depreciation or other important factors that would minimize a loss.

On Feb. 6, I had a small loss reported on a commercial property policy. This was a loss by theft from a car of the insured and was subject to a \$50 deductible. The loss was reported to the companies on Feb. 6 and turned over to the company supported adjustment organization for attention. On March 18, I called the adjuster to learn from him the status of the claim. He advised me that he thought the insured was under-insured, and he was waiting for an inventory. I did not belabor the point, notwithstanding the fact that the coinsurance clause was not applicable to this loss from the car, and notwithstanding the fact that I had gone into the subject of values very clearly at the time the policy had been sold and that insurance was written closer to 95% of value than the 80% required, and that it was going to cost the insured more than the amount of his loss to develop an inventory for Feb. 6.

This loss is still unsettled, though I understand that one of the insurance companies has pointed out to the adjuster that coinsurance was not applicable in this loss, and recently he has sent out proofs to be signed.

The second loss was reported on March 10 under a homeowners C. I

(CONTINUED ON PAGE 39)

High Court Justices Searching In Queries As FTC Case Is Heard

WASHINGTON—After two hours' argument, the Supreme Court took under advisement the question of Federal Trade Commission jurisdiction over insurance. Arguments were presented in docket Nos. 435 and 436, being FTC appeals from federal circuit court decisions against the government in the National Casualty and American Hospital & Life cases, which involved complaints by the commission charging false and misleading advertising of A&S policies and cease and desist orders against the companies.

The two cases were consolidated for purpose of argument and one hour was allotted to each side. Government counsel in both cases was Ralph S. Spritzer. National Casualty was represented by John F. Langs, and American Hospital & Life by J. D. Wheeler. A number of personalities identified with the insurance industry were noted in the court room, including Eugene Thore, general counsel Life Insurance Assn. of America, and J. Raymond Berry, National Board counsel, also government officials and lawyers who have been active in connection with the FTC crusade against A&S companies.

Mr. Spritzer told the court that the question at issue was whether FTC jurisdiction in the insurance field has been "oust" by the McCarran act. He reviewed briefly FTC activity with relation to A&S, issuance of 41 complaints charging false advertising. Describing it as a matter of "national importance," he quoted former FTC Chairman Howry as saying public interest in the matter was shown by receipt of hundreds of letters and complaints on the subject by the commission.

That the interest of the justices was great was indicated by their numerous questions asked of counsel, many of which brought out essential facts. For example, Justice Whittaker, newest member of the bench, developed the fact that many states have enacted what Mr. Spritzer called "little FTC laws." Justice Douglas brought out that radio and TV advertising was not involved in the pending cases.

Park Is Officer Of GAB At Head Office

General Adjustment Bureau has elected John W. Park assistant secretary, with headquarters in the executive offices at New York. He started in the business with L.&L.&G. in 1927. From 1929 until 1942 he was with D. F. Broderick Inc., Detroit, as vice-president and general adjuster, in which capacities he also acted for Dearborn National and Dearborn National Casualty.

In 1942 he joined the GAB as superintendent at Los Angeles and a year later became supervisor at San Francisco. He was named executive assistant in 1949 and subsequently assistant general manager of the Pacific coast department.

Insurance Women of New York will hold their annual charity bridge party at Hotel Governor Clinton, New York City April 26. Proceeds will go to charities the club supports. Marie Driscoll of Northern of London is chairman of the arrangements committee.

Regulations For Private Cover And U. S. Indemnity On Nuclear Reactors Set Out

WASHINGTON—Atomic Energy Commission has promulgated its proposed regulations covering financial protection requirements and indemnity agreements which must be met by all licensees authorized to operate nuclear reactors.

To Ask Public Comment

AEC indicates it will solicit public comments on the proposed rules. One of these rules deals with a method of calculating the amount of financial protection which each reactor licensee must have and maintain, a second is a proposed form of indemnity agreement, and the third concerns whether the standard nuclear energy liability policy adopted by the insurance business should be approved by AEC as constituting financial protection as defined in the atomic energy act.

Would Require \$3-60 Million

The commission proposes to require a minimum amount of \$3 million private insurance and a maximum of \$60 million, which represents the

maximum public liability coverage the insurance syndicates will write for a single facility or location. The law, of course, provides for indemnification by the government in the amount of \$500 million, but this is over and beyond the amount of financial protection from insurers which licensees must maintain.

Plan Standby Claim Investigation

The commission is presently negotiating with a joint claims subcommittee of Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters to arrange for standby claims investigation service if claim payments are required under the statutory indemnity of a licensee. A proposed letter of intent is presently being negotiated with this subcommittee and should be in acceptable form for execution by both parties shortly. A definitive contract eventually will replace the letter of intent.

The licensee authorized to operate

(CONTINUED ON PAGE 37)



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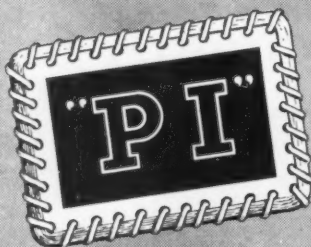
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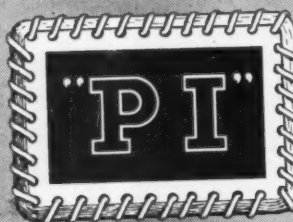
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Program Ready For Ohio A&S Meeting

The program for the annual meeting of Ohio Assn. of A&H Underwriters at the Netherland Hilton hotel, Cincinnati, May 8 and 9, has been announced by Herman C. Harrison, Harrison & Lawrence agency, Cincinnati, vice-president and convention chairman.

The business session will be held the afternoon of the first day. Speakers and their subjects at the sales session will be: Harold P. Winter, executive vice-president Union Central Life, "How Selling A&S Looks to a Home Office Man;" Richard J. Eales, assistant director LIAA, "Strengthening the Voluntary Health Insurance Partnership;" Richard W. Angert, sales vice-president Inter-Ocean, "Advances in Hospitalization Insurance as Compared to Blue Cross;" John S. Bickley, professor of insurance Ohio State university, "Distribution Trends of A&S;" Bruce Gifford, managing director International Assn. of A&H Underwriters, "A Look Around the Town." Cornelius J. Scheid, New York Life, will be the banquet speaker the evening of the first day, and John J. Plumb, vice-president and director of agencies, Paul Revere Life, will speak at the closing luncheon the second day.

National Union Names Lyon, Burk Managers

William G. Lyon has joined National Union as manager at Washington, succeeding Richard J. Burk who has been named Virginia manager at Richmond.

Mr. Lyon began his insurance career with Royal-Globe group and has recently been manager for Fire Association at Washington.

Harry W. McBride has been appointed fire manager at Nashville under Earl Owen, manager. He has been state agent in Tennessee for National Fire.

Mackall's Text On Bond Underwriting Now Ready

The new textbook, *Surety Underwriting Manual*, prepared by Luther E. Mackall, former vice-president of National Surety, is ready for distribution.

The manual is designed as a textbook for students of surety underwriting and as a book to give agents quick information on underwriting any type of bond, how to assemble the information, make the required checks for accuracy and submit it to underwriters. The work is of standard size and contains 180 pages and cover.

The cost is \$3 up to 24 copies, with a graduated scale of prices for 25 copies or more. The book may be obtained only from Mr. Mackall at 111 East 80th street, New York 21.

Executive V-P Of Cal. Comp. & Fire Back To Law

Howard J. Scott, executive vice-president of California Compensation & Fire Co., has returned to private law practice. He will continue to be available to the company on a consulting basis, and his office will handle a major portion of its claims litigation, Nathan L. Fairbairn, president of the insurance company, said.

A film, "The Illinois Toll Road," showing construction of the 187-mile highway system was viewed at the April meeting of Chicago Surety Underwriters Assn.

Mich. Blue Cross, Hospitals To Hold Parley On Finances

LANSING—Officials of the 230 hospitals participating in Michigan Hospital Service (Blue Cross) are to be called into a meeting, it has been revealed, in an effort to devise methods of halting a steadily increasing deficit operation. William S. McNary, executive vice-president of the Blue Cross plan, said a 12% rate increase last October barely averted a financial crisis. He said in the first quarter of 1958 the Blue Cross has gone \$1,750,000 into the red.

The bad showing results from an increase in hospital costs, and an increase in admissions.

"We feel this is the time for Blue Cross and our member hospitals to redouble efforts to effect every possible economy," said Mr. McNary and Ralph Hutchings, Michigan Hospital Assn. president, in a joint statement.

It was noted that the average cost of hospital care went up 8% in 1957 compared with average of 5% annually for previous years. After the 1957 rate increase, there was a heavy gain in admissions. Average hospital charges per case increased from \$196 in January of 1957 to \$218 for January this year.

Slate Speakers, Topics For Okla. Assn. Meet

Oklahoma Assn. of Insurance Agents will hold its annual convention May 2-3, at Mayo hotel, Tulsa. Speakers and their topics scheduled for the meeting are Felix Hargrett, vice-president Home, "New Horizons and Their Challenges;" George S. Hanson, executive secretary and general counsel, National Assn. of Insurance Agents, "The Broader Viewpoint;" and Walter E. Brill Jr., vice-president American International Underwriters, "New Horizons in Foreign Insurance."

Tenn. Bills Would Protect Against Uninsured Driver

Bills have been introduced in Tennessee which would require all companies writing automobile liability in the state to include a policy provision to protect the policyholder against uninsured motorists, with a maximum of \$5,000 for each injured person and \$10,000 for each accident. The bills would also levy a \$15 tax on motorists who do not carry insurance or cannot show other financial responsibility when buying licenses. Money would go into the state fund to repay companies for carrying out provisions of the uninsured motorist plan.

The proposals would also strengthen the present financial responsibility law by forcing drivers with revoked licenses to prove responsibility before they can obtain a license or auto tags.

Ulvila Elected Assistant Secretary Of London Units

Arne J. Ulvila, southern California branch manager of London group, has been elected assistant secretary of Manhattan and Guarantee.

Mr. Ulvila began in insurance in 1928. He joined London group as a southern California field man after World War II.

Minn. 1752 Club To Hold Clinics

Gopher 1752 Club of Minnesota will hold regional clinics at Detroit Lakes, May 13; St. Cloud, May 14; and Duluth, May 15.

Hawkeye-Security Chairman Buys Farmers Life

DES MOINES—Controlling interest in Farmers Life of Des Moines has been purchased by George Olmsted, chairman of Hawkeye-Security, and his associates. Mr. Olmsted becomes president of Farmers Life, succeeding L. M. Peet, who has headed the company since 1942 and is retiring because of ill health.

Farmers Life was incorporated in 1922 as Farmers Union Mutual Life. The "Mutual" was dropped in 1933 when the company switched to a stock basis, and "Union" was dropped in 1945.

The last January report showed assets of \$9,819,386 and insurance in force of \$43,841,613.

The new executive vice-president of Farmers Life is Lloyd M. Bauman, who is executive vice-president of United Services Life of Washington, D. C., another company in the Olmsted group. Mr. Bauman also is a director, and other new directors are William L. Cobb, executive vice-president of Hawkeye-Security and president of Northwestern Ins. Co., and Allen Whitfield, a Des Moines attorney.

Settles Liability Case With Paid Up A&S Policy

A new means of settling personal injury law suits—cash plus a paid up accident and health policy—has been used by Continental Casualty in an automobile liability case.

Continental Casualty offered a settlement in behalf of its insured, James Anderson, who was in an accident involving nine-year old Margery Davis. On petition of Miss Davis' mother the court at Berrien Springs, Mich., was asked to grant the settlement. It provided \$2,000 cash settlement plus \$1,000 in incurred hospital and medical expenses plus a paid up \$50,000 A&H policy written in Continental Casualty's special risks A&H division.

Commenting on the use of an A&H policy in a liability judgment, Dr. Clem Martin, medical director of Continental Casualty, told Industrial Medical Assn. at Atlantic City this month that this offers a realistic and logical basis for settlement as against payment for emotional reasons. For example, the doctor said, tests could indicate that epilepsy might occur later. The insurance takes into consideration possible future time lost from work and possible future medical care. Dr. Martin pointed out that when an injury is dramatic a court award may be for a large sum, but when there is an injury that is not apparent, the award may be minimal.

New York Combine Of UJF and UM Now Law

Gov. Harriman has signed into law the bill creating a Motor Vehicle Accident Indemnification Corp. to handle claims of insured against uninsured and hit-run drivers. Basic auto liability will include the uninsured motorist coverage. Auto insurers will operate the indemnification facility to handle claims against the uninsured, in order to avoid conflict of interest. It goes into operation next Jan. 1.

Underwriters Laboratories Names Ohlsen

C. W. Ohlsen, Sun, was elected chairman of the trustees of Underwriters Laboratories at the annual meeting last week in Chicago. He succeeds E. A. Henne, America Fore, retired. F. W. Spalding, Springfield F. & M., and H. P. Winter, America Fore, were named to the board to replace Mr. Henne and M. E. Peterson, Springfield F. & M., retired, who were elected honorary members.

C. R. Welborn is president of UL, and M. M. Brandon, K. S. Geiges, G. E. Manning are vice-presidents, and W. S. Austin is secretary and H. F. Duncan is treasurer.

Mr. Welborn reported that the year began with 2,382 new projects, 17,286 were opened during the year and 16,902 were closed. Label service was inaugurated on three new classifications—cellular concrete floor raise-ways, meter sockets and septic tanks.

There were 834 full time employees on the payroll Dec. 31, Mr. Welborn reported. He said the new work testing was mostly of a routine character, but there were several projects presenting special problems:

In the burglary protection department these included electronic fences to detect approach to outdoor areas, material for safes and chests resistant to carbide drills and cutting tools.

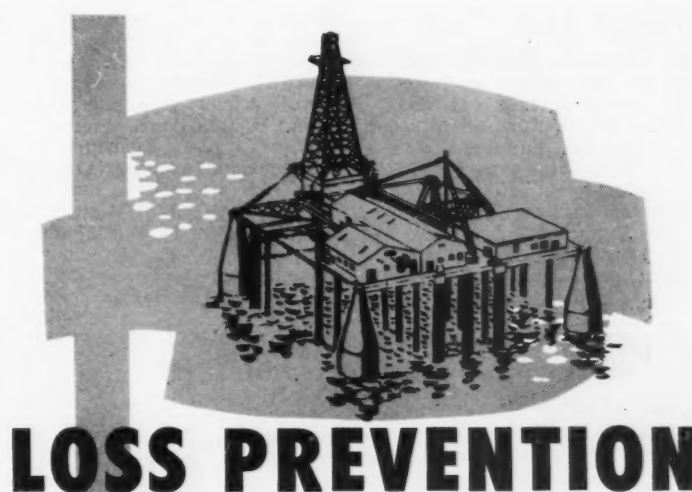
In the casualty and automobile department, conversion systems for changing industrial lift trucks from gasoline fuel to LP gas, dry-element type automotive carburetor backfire deflector and air cleaner, and refrigerated and heated hospital food service cart.

In the chemical department, pocket-type electronic paging receiver for use in hazardous locations, motor-driven exhaust fan for use in hydrogen-air atmospheres in battery rooms, and hospital operating room table with motorized hydraulic lift.

In the electrical department, an electronic transmitter designed to give private telephone party line performance on rural lines, automatic machine for color selected paint mixing, Christmas tree lighting strings with midget lamp holders, and ultrasonic device for cleaning surgical instruments.

In the gases and oils department, portable heaters for automobiles and outdoor theaters and non-metallic ducts for residential warm, air heating systems.

One of the entries in the annual "Design in Chicago" printing exhibition at the Art Institute is that of Klee Insurance of Skokie. The agency has its letterhead and other business stationery on exhibition in the show of printing arts sponsored at the Art Institute by Society of Typographical Arts.



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Vermont Assn. Card Has Forum, Ad Panel

The Vermont Assn. of Insurance Agents' spring meeting May 18-19 at Woodstock Inn will feature an agents' forum at the first business session on the 19th. R. C. Shipley, manager Portland National Bureau of Casualty Underwriters, and Samuel J. Hatfield, manager Vermont division of New England Fire Insurance Rating Assn., will participate.

Members of the panel discussion on

"Your Advertising Dollar—Why, How, When and Where?" are: Alan H. Miller, Hackensack, N.J., chairman of the NAIA national advertising committee; Valmore H. Forcier, Danielson, Conn., state national director of the Connecticut Assn.; Kenneth A. Cagney, superintendent of advertising Hartford Fire; Robert E. Berg, state national director Vermont association, and I. Munn Boardman, Burlington agent. William N. Woodland, editor of the *Standard* is moderator.

In the afternoon speakers will be:

James R. McWilliams, assistant manager automobile division National Bureau, on "Recent Developments in the Automobile Liability Insurance Field;" Joseph F. Murphy, secretary and counsel of America Fore on "Recent Developments in the Property Insurance Field;" and John Adam Jr., vice-president Central Mutual.

The South Carolina legislature has provided for continuance for another year of a special committee studying revision of the insurance laws.

D.C. Agents' Assn. Elects C. R. Barker

The District of Columbia Assn. of Insurance Agents at Washington I-Day heard Herbert P. Stellwagen, executive vice-president of Indemnity of North America as keynote speaker, followed by a panel discussion, "What's Ahead for the American Agency System?"

Officers elected were Charles R. Barker, president; Carl A. Anderson and H. T. Beuermann, vice-presidents; Ralph W. Lee III, secretary; Robert V. Oxenham, treasurer, and Joseph L. B. Murray, state national director.

Panel members were Arthur M. O'Connell, Cincinnati, speaking from the agents' viewpoint; William W. Ellis, Aetna Casualty, on the company side, and W. S. Gillam, director of research for National Bureau of Casualty Underwriters, advancing the bureaus' views.

Must Be Dedicated

Mr. Ellis said that the answer to what lies ahead for agents can only be provided by an American agency system that is dedicated to its primary economic function, professional salesmanship and service. He said this system must have sufficient qualified manpower to do that job, must be sufficiently flexible to adjust to changing times and habits, and must have the backing of soundly managed companies with vision and courage.

He declared that the agency system is a sound marketing method and it is primarily up to agents to make it work.

Victor O. Schinnerer substituted as chairman for Mr. Anderson who was ill.

Portland Eyes Road To Self Insurance

A recommendation that Portland, Me., start toward a self insurance program by buying \$5,000 deductible fire insurance for more than \$4 million worth of city buildings has been made by City Manager Julian H. Orr.

He said that purchase of the cheaper insurance would enable the city to set aside the budget saving in a special reserve account for fire losses. Deductible limits, he said, could be increased each year as the city's reserve for meeting the risk is increased.

From a study of loss records since 1930, he declared, "it appears we can provide our own protection against normal losses at a considerable saving to the taxpayer." He said the city paid total premiums of \$375,281 from 1930 to 1957, and was paid claims of only \$42,413.

Mutual insurance institute of Kemper companies will conduct its 43rd agents' resident training course beginning July 7. The four-week course, to be held at the Chicago home office, will include demonstration and survey-work as well as classroom instruction by Kemper executives. The latest developments in property and casualty insurance will be reviewed.



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Estimate Insurers Will Pay \$700,000 On N. Y. Museum Fire

NEW YORK—Fire at the Museum of Modern Art here may cost the insurers \$700,000. McLaughlin Co., Washington, D. C., agency, placed the coverage on the museum's collection of art. Huntington T. Block, vice-president of the Washington firm, said American and British companies underwrote the risk.

Aetna Fire is said to be the primary insurer of the line. The damage to art works is estimated at \$400,000.

Only six paintings of more than 11,000 art objects were destroyed or damaged by the fire. Two impressionistic paintings of water lilies by Claude Monet were burned but one may not be a total loss. One of the two was valued at \$40,000.

Nelson A. Rockefeller, chairman of the museum trustees, estimated that firemen, New York Fire Patrol and the museum staff had saved \$4 million worth of art from damage.

The damage to the building was extensive. The building loss to insurers is estimated at \$300,000 by adjusters. There was a good deal of smoke damage.

The fire started on the second floor where a \$500,000 air conditioning job was under way. One underwriter called the fire an air conditioning loss. The fire proper was confined pretty much to that floor, from which most paintings had been mostly removed because of the construction. The fire was said to have started in a tarpaulin thrown over paint cans by workers on the job.

This is said to be the only serious museum fire in 37 years. Museums have special problems with fire safety since they cannot use sprinklers. Though metropolitan museum has them in some rooms, and the Frick collections uses an extinguisher with a chemical not harmful to paintings. The museums, however, are well built of stone. They have automatic fire alarm systems and keep guards on duty around the clock.

Wabash F&C Moves Into New Home Office

Wabash Fire & Casualty has moved into its new home office at 3637 North Meridian street, Indianapolis. The building is of Georgian colonial architecture and provides approximately 30,000 square feet of space.

Although personnel have moved into the new building, some of the decorating is still to be completed, and the open house for the insurance fraternity will be sometime in July.

Tenn. Mutual Agents Discuss Uninsured Motorist Problem

NASHVILLE—"Unless the insurance agents of Tennessee recognize the need of a strong, aggressive selling program of automobile liability insurance, they will very likely find themselves out of business," Paul S. Wise, manager legislative bureau of American Mutual Insurance Alliance, said at the Tennessee Assn. of Mutual Insurance Agents meeting here. The solution to the problem of the uninsured motorist of Tennessee rests in the ability of agents and company representatives to sell enough automobile liability insurance so that the problem of the uninsured motorist will be reduced to a minimum that will not require governmental intervention, he declared.

Government Aid No Solution

Mr. Wise said that agents who support drastic solutions requiring governmental intervention are not solving the problem, but only complicating it. The alliance is submitting recommendations for the consideration of the Tennessee legislative council as possible means to aid the uninsured motorist problem. They include strengthening of the financial responsibility law to make uninsured motorists furnish future proof of financial responsibility if involved in accidents involving \$50 or more. Uninsured motorists convicted of certain moving violations of a traffic law would be required to furnish proof of financial responsibility if they want to drive. Further, a mandatory deposit of \$500 with the motor vehicle commissioner by anyone involved in an accident and who was uninsured would be required. The recommendations also include the requirement that those who have their licenses suspended and are required to make re-application will be required to pay a fee. Recommendations also were made for a "no-fix" traffic ticket law, driver training program and for stronger provisions regarding drunken drivers.

Mr. Wise criticized the Virginia legislation. He called this proposal a conglomerate mixture of compulsory insurance, state fund and uninsured motorist coverage legislation which cannot possibly solve the problem of the uninsured motorist. He stated it would be a tragic mistake for Tennessee to attempt to adopt such a solution.

Following Mr. Wise's talk, he took part in a panel discussion of the subject. J. C. O'Connor, executive editor Fire, Casualty & Surety Bulletins, was moderator and the other participants were Palmer App, secretary Lumbermens Mutual Casualty; J. M. Clinard Jr., special agent Shelby Mutual, and Joseph Kinard, John Ratterree general agency.

Van Camp New President

NASHVILLE—Tennessee Assn. of Mutual Insurance Agents, pleased with an increase in membership, set a new record for attendance at its annual meeting here last week and elected W. R. Van Camp, Memphis, president to succeed F. I. Irwin, Knoxville. Mr. Van Camp, who had been vice-president, was also program chairman and was given much credit for the successful meeting.

J. F. Hall, Jackson, is the new vice-president and R. P. Ingle, Chattanooga, was reelected secretary. For the first

(CONTINUED ON PAGE 33)

Smith Sees Pressures Forcing Wedding Of Fire, Casualty And Life Agents

Bradford Smith Jr., executive vice-president of North America, told the all day work meeting of Insurance Brokers' Assn. of Massachusetts at Boston that "the future belongs to those who prepare for it." He illustrated his point by transporting the audience into the future and describing an agency operation which might well grow out of the pressures currently confronting the business.

Edward F. Gebelin, field supervisor of Aetna Casualty, described "The Insurance Analysis for the Mercantile Risk." He explained how to put the "pro" in production, how to select the prospect, solicit the survey, meet objections, prepare the plan, present it and control the account. Frank A. Royce, New England manager of American Appraisal, speaking on "How To Figure Dwelling Replacement Cost," clarified the answer to the client's question of how much insurance is needed, told how to satisfy the no depreciation provisions of the broad dwelling and package forms, and demonstrated how to make more money selling insurance to replacement value.

Should Have Descriptive Name

In painting his picture of an agency operation of the future, Mr. Smith said: "To begin with, we should have a descriptive name for our imaginary agency. So let's call it the Life, Fire, Casualty Insurance Service—Jones & Smith, agents. Before the partnership was formed Jones was a successful life insurance agent, while Smith had a good fire and casualty agency. These two men frequently talked shop and one day found themselves asking each other why they hadn't joined forces long ago. Both had discovered that their clients were receptive to measures that simplified the purchase of their insurance requirements. The popularity of the homeowners package policy was a convincing example to

Smith, while the extraordinary success of family plan life insurance, another package policy, conveyed the same message to Jones. The next step seemed obvious. Apply the same principle to client relationships by combining life, fire and casualty sales and service. The idea had appeal for them. They could see expanded sales merely by working over their combined client and prospect lists. Also, they could afford to do a better job for their clients since the combined premium would support better service to each client individually. Moreover, their policyholders would undoubtedly come to appreciate the "one stop service" the new partnership could provide, since it would simplify their insurance buying problems. This idea alone could be merchandised to great advantage.

Had Two Major Problems

"Then there was the possibility of savings in clerical help and office rent. And this set them to thinking about overhead. They reasoned that they had two major problems. The first was the overhead involved in handling personal insurance—particularly the smaller items. In order to increase their net profit materially, they would have to find some way to reduce the clerical work because it was not only expensive but also absorbed valuable time which could be more profitably devoted to the sales and service they wanted to advertise and merchandise. The second was the problem of having competitive rates and forms of coverage to offer. They were well aware of the inroads being made by specialty companies and direct writers using a combination of low rates and sales service to make their gains. They also knew that the low rates were made possible by the savings achieved through the bulk machine handling of the details of policy writing, collections and bookkeeping at the company level.

It was easy to see that otherwise the premium must include an extra amount with which to pay each agent individually to perform services that could be handled on a volume basis by the company at a fraction of the cost. What to do about these questions caused considerable debate and nearly wrecked their plans.

"Jones, the life insurance man, was all for finding a company that would take the detail of policywriting and collections off their hands. After all,

he was accustomed to that method of operation in the life insurance business and saw nothing wrong with it. In fact, he liked it because it took care of the collection problem and relieved him of having to put in non-productive time on details. But Smith demurred. He had always felt that the principle of his ownership of expirations depended upon his insulating his clients from the company insuring them. Moreover, it would lessen his stature

(CONTINUED ON PAGE 17)

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Woodbury, Beery Slated To Address General Agents

"The General Agent And His Future" is the title of a talk to be delivered before American Assn. of Managing Agents by Ralph Hill, vice-president Wabash F. & C., at annual convention, Broadmoor hotel, Colorado Springs, May 11-14.

Other speakers scheduled to address the convention include: Louie E. Woodbury Jr., Wilmington, N. C., president

National Assn. of Insurance Agents; Marlin F. Perry, vice-president American Home Fire; Sam N. Beery, Colorado commissioner; and Guy Ferguson, Ferguson Personnel, Chicago.

N. A. Holds Open House At New Minn. Quarters

More than 300 business and governmental leaders and insurance men attended an open house at the Minneapolis service office of North America, marking the recent move to expanded quarters at 2750 Park avenue.

Airkem Names Four To Smoke Odor Unit, Five New Managers

The smoke odor service division of Airkem, has named John V. Gray manager at Detroit, James W. Olson manager at Chicago and John J. Greely at New York.

In the national executive office in New York Edward J. Spellman has been named assistant field supervisor for country-wide administration of the smoke odor division.

Mr. Gray has had 10 years of loss adjusting experience. He will supervise Michigan.

Mr. Olson has been with Airkem four years serving in all divisions. He has been supervising smoke odor service activities in three states. He will now manage the division in northern Illinois.

Mr. Greely has been a member of the smoke odor division's New York City staff for two years.

Mr. Spellman has been with Airkem three years. He started as a representative in New York City. He gained wide experience in smoke odor removal applications and, in 1955, advanced to the national department's commercial products division. Recently, he was on the staff of the director of recruiting and training. He will assist in supervising all Airkem offices and will be available for consultation on the uses of the smoke odor service for loss reduction and public relations.

Appoint Several Managers

Airkem has made several appointments of managers and distributors: Lester G. Riebau at Madison, Wis., Carl A. Strassman at Milwaukee, Donald J. Hanson at Green Bay, Dooyne E. Rardon at Columbus, O., and Edward Strout at El Paso. The Columbus and El Paso offices are newly established.

The new managers are concerned with all divisions of Airkem, including commercial, institutional and industrial applications. As administrators of the local smoke odor service divisions, they serve as liaison men between the insurance business and the New York executive offices and research laboratories of Airkem, Inc. All offices are equipped to serve the industry by general odor removal as the occasion arises.

United Services Auto Reports Gains For '57

United Services Automobile, San Antonio, had a year of growth in 1957, Charles E. Cheever, president, said.

Net premiums written in 1957 were almost \$35.5 million, some \$5.5 million more than during 1956, and the net underwriting gain was slightly more than \$7 million.

UM Bills Dead In S. C.

When the South Carolina house voted against granting free conference powers to a conference committee seeking to iron out senate-house differences on legislation dealing with the problem of the uninsured motorist, legislation in this area was said to be impossible at this session.

The senate had passed an unsatisfied judgment fund bill, which the house killed. The house passed bills tightening up the financial responsibility law, which the senate refused to accept.

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Harper Says Sudden Rise In Insurance Stocks Followed Good November Results

William T. Harper, chairman and president of Maryland Casualty, told the Bond Club of Baltimore, an investment group, that the country has been treated to the spectacle of the insurance industry losing its shirt in the midst of a period of practically unparalleled national prosperity which saw the profits of nearly every other type of business rise so fast as to almost run off the top of the chart.

"It seems to me that beginning about the middle of last December, when the sudden rise in our stocks began, some of you investment boys had, or thought you had, some clue to the future prospects of our business which was not known to me. At least that is the only way I can account for the sudden and, to me, quite unexpected rally in the market for our shares.

"There is one theory which may offer a tenable explanation," he said. "I believe the results of the November operations of some of the companies became known at just about the time the rally began, and it is quite likely that some analysts interpreted the favorable results of the November operations as signaling the long awaited turn of the tide in our industry.

Are Traditionally Good Months

"Now they may have been quite right. But what I believe they overlooked in their calculations is the fact that the last two months of the calendar year are traditionally good ones in our industry, and that the underwriting results usually show some improvement over the previous part of the year. If this is the case, and future events do in fact justify the rise in our stock values, then it would seem that your fraternity was right, but for the wrong reasons."

Mr. Harper said that since the fire and casualty industry has just concluded two of the worst years in history the immediate question is what the future may hold. He said that when the loss experience first began to turn sour in late 1955 and continued in 1956 the business was naturally concerned but not too alarmed, since

the industry is generally regarded as cyclical.

"Many expected that such a year as 1956 would be followed by a few years of renewed prosperity," Mr. Harper commented. "But for the first time in many, many years, and for some companies, indeed the first time in their entire history, two bad years followed in succession. And the second year was even worse than the first."

Mr. Harper observed that it was then apparent that the industry was

up against something much more serious than the normal cyclical fluctuations. He said it was generally agreed that the difficulties of the last few years can be traced basically to two connected roots—inflation and the consequent inadequacy of rates, particularly in the fire and automobile lines.

He traced the difficulties in obtaining adequate rates and referred to the element of politics as a factor considered by regulatory authorities, ei-

(CONTINUED ON PAGE 38)



THE CRUM & FORSTER GROUP of Insurance Companies



CASUALTY • FIRE • MARINE • SURETY

FINANCIAL STATEMENTS AS OF DECEMBER 31, 1957

Assets

	UNITED STATES FIRE INS. CO.	NORTH RIVER INS. CO.	WESTCHESTER FIRE INS. CO.	U. S. BRANCH WESTERN ASSURANCE	U. S. BRANCH BRITISH AMERICA	INTER- NATIONAL INS. CO.	CRUM & FORSTER GROUP TOTAL
Cash in Banks & Trust Companies	\$ 8,639,299	\$ 4,317,708	\$ 3,599,241	\$ 675,925	\$ 393,357	\$ 55,150	\$ 17,680,680
*United States Government Bonds	33,807,733	16,157,196	16,550,781	5,907,848	3,064,542	4,976,734	80,464,834
*Other Bonds	27,404,254	13,959,698	15,449,657	2,777,124	1,758,546	825,379	62,174,658
*Stocks	50,626,143	30,341,855	30,837,490	1,382,508	1,360,501	4,062,708	118,611,205
Premium Balances Receivable (Not over three months due)	5,241,236	2,647,549	2,684,351	506,206	277,306	126,713	11,483,361
Interest Accrued	377,238	170,136	200,539	50,465	27,789	43,589	869,756
Other Assets	4,813,272	1,462,152	3,011,868	256,835	77,029	0	9,621,156
Total Admitted Assets	\$130,909,175	\$69,056,294	\$72,333,927	\$11,556,911	\$6,959,070	\$10,090,273	\$300,905,650

Liabilities

Reserve for Unearned Premiums	\$ 44,307,637	\$20,881,728	\$23,020,277	\$ 3,910,276	\$2,137,439	\$ 1,197,464	\$ 95,454,821
Reserve for Losses and Loss Expenses	17,176,097	8,485,281	9,941,375	1,855,199	952,866	503,216	38,914,034
Reserve for Taxes and Expenses	1,692,391	820,900	925,100	160,300	90,800	31,000	3,720,491
Reserve for All Other Liabilities	2,634,467	998,852	1,432,801	190,232	106,334	0	5,362,686
**Contingency Reserve	1,768,702	517,424	938,582	314,940	98,168	0	3,637,816
Capital	6,300,000	2,000,000	2,000,000	†500,000	†500,000	1,000,000	12,300,000
Net Surplus	57,029,881	35,352,109	34,075,792	4,625,964	3,073,463	7,358,593	141,515,802
Surplus to Policyholders	65,098,583	37,869,533	37,014,374	5,440,904	3,671,631	8,358,593	157,453,618
Total Liabilities	\$130,909,175	\$69,056,294	\$72,333,927	\$11,556,911	\$6,959,070	\$10,090,273	\$300,905,650
Year of Organization	1824	1822	1837	1851	1853	1909	

*Bonds and stocks are valued in accordance with the basis adopted by the National Association of Insurance Commissioners.

**Contingency Reserve represents difference between values carried in Assets and values based on December 31, 1957 market quotations.

†Statutory Deposit

Securities in statements include amounts deposited as required by law, in the following amounts: United States Fire, \$5,778,057; North River, \$3,776,447; Westchester Fire \$4,027,038; Western Assurance, \$1,276,860; British America, \$1,234,249; International, \$298,580.

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Smith of Pa., Assumes A&S Rate Control, Blue Cross Management, Hospital Reform

(CONTINUED FROM PAGE 1)

review the program instituted at the Sacred Heart hospital in Allentown for reducing unnecessary hospital utilization and shall disseminate all information so obtained to each member hospital.

2. Each Blue Cross plan is hereby directed to notify each member hospital that the insurance commissioner will condition his approval of any hospital reimbursement formula between Blue Cross and the hospital upon the actions of such hospital in inaugurating the beneficial features of the Allentown hospital plan into such hospital's internal administration. Any existing approval of a reimbursement contract with a member hospital will be subject to withdrawal where a member hospital fails to cooperate in this effort.

3. Each Blue Cross plan, subject to these adjudications, is hereby directed to allocate as an item of administrative expense, to be defrayed from existing reserves, a sum sufficient to maintain constant vigilance over the progress of hospitals in instituting reforms to eliminate abuses in the use of hospital care.

4. From this item each Blue Cross plan is directed, along with other Blue Cross plans in the state, to make further researches into methods and means of eliminating abuses in utilization of hospital care. Thus information will be disseminated as developed to all member hospitals.

5. Each plan shall expressly request the assistance of the county medical societies for the counties served by such plans in resolving the abuses in hospital utilization. Reports on the action taken under this recommendation and the progress attained thereunder shall be made to the insurance commissioner bi-monthly. This rec-

ommendation is directed at obtaining cooperation from the county medical societies, since such societies have broad functional powers within the framework of organized medical societies, including disciplinary authority. Similar cooperation should nevertheless be solicited from, and given to, Medical society of Pennsylvania.

6. Blue Cross plans subject to these adjudications, singly or collectively are directed to explore the Blue Cross subscriber contracts prevailing in this or other states with a view to determining contract features that could be hereafter proposed which will tend to reduce unnecessary hospital utilization.

Recommends Coordinating Committee

7. It is recommended that the state's Blue Cross plans establish a coordinating committee composed of members representing each plan, which will constantly study means and methods of reducing unnecessary hospital utilization, and which will disseminate its findings to member hospitals on a current basis.

8. Each plan is urged to take all other appropriate measures to bring about the lessening of unnecessary hospital utilization.

Under the statutory power he has to approve rates of payments to hospitals made by Blue Cross corporations, Mr. Smith has issued a 7-point order under which they are to seek reforms in hospital administration and operation.

The Blue Cross plan is to solicit the assistance and cooperation of the hospitals served by them, hospital councils, and other interested persons, in exploring all areas of hospital administration to determine where economies can be made.

The studies in hospital administration required by this recommendation shall encompass previous studies that have been made in the field by such experts as Dr. C. Rufus Rorem, executive director of Hospital Council of Philadelphia. These studies should consider, among other things, Mr. Smith ordered: Adoption by all member hospitals of uniform accounting methods and practices; utilization of joint purchasing practices, with special emphasis on drugs and pharmaceuticals; sharing of specialized equipment; standardization among hospitals of those costs which hospitals can control; more effective utilization of beds and diagnostic and treatment facilities; more effective use of professional and institutional personnel; establishment outside the in-patient department of rooming facilities for certain patients requiring protracted stays.

Must Cooperate with Blue Cross

"The insurance commissioner will condition his approval of any hospital reimbursement formula between Blue Cross and such hospital upon the actions of such hospital in putting into effect the plans and methods recommended to it by Blue Cross. Any existing approval of a reimbursement contract with a member hospital will be subject to withdrawal where a member hospital fails to cooperate in this effort."

No Blue Cross plan shall negotiate any future hospital reimbursement formula which by its terms, would prevent the subscribers of the plan

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ALL ADJUSTERS BONDED

from receiving in their Blue Cross rates the benefit of economies obtained by hospitals through more efficient operations.

Also, where hospital reimbursement payments contain an amount for depreciation of capital assets or equipment, the hospitals receiving the money are requested to fund them by establishing proper reserves, so that the money shall be used for the purposes for which they have been paid.

Moreover, where, under any existing hospital reimbursement formula, any of the three Blue Cross plans are making payments to hospitals determined in part by hospital costs resulting from the maintenance of nursing schools, the carrying on of medical research, construction of new plant, or defraying any part of the cost of free care, the plan shall, by negotiation with its member hospitals, seek to eliminate from such payment any amounts resulting from the rendering of free care and the construction of new plant. Through such negotiations, the Blue Cross plan shall seek to adjust hospital payments which include the cost of medical research and the cost of maintaining nursing schools to an amount commensurate with the services received by Blue Cross patients from such medical research and the operation of such nursing schools.

Wants More Subscriber-Directors

Mr. Smith also recommended that Blue Cross organizations put on their directorates more representatives of subscribers. The interests of Blue Cross subscribers and those of member hospitals of Blue Cross are not identical, he averred. The hospitals, quite reasonably, are interested in obtaining medical services at as reasonable rates as can be obtained. There must be "genuine bargaining and negotiating on an arms-length basis between the Blue Cross organizations and the hospitals in working out hospital reimbursement contracts."

In addition, he directed Blue Cross plans "forthwith" to study ways and means of distributing the costs of hospital care fairly and proportionately over all subscribers, thus avoiding prohibitive rates for those subscribers in an age group requiring them to have greater hospital care. The rates should put more of the burden on the younger ages.

Suggests Study Commission

He recommended appointment of a public commission to study the whole system of hospital operations in Pennsylvania with the view of proposing administrative changes in hospital management, and for the purpose of determining proper legislative action. This should have representatives from hospital and medical fields and from state departments including insurance, hospital system in the state.

Mr. Smith immediately will attempt to get the state government interested in effecting such a study.

The comments of Commissioner Smith in his 28 page ruling were remarkable for their breadth and length. He said: "The testimony at the hearings showed that hospital administrators have no expectation that hospital costs will level off in the near future. If present attitudes regarding hospital care remain unchanged, if present methods of hospital administration are continued, if present practices in the admission of hospitals of subscriber patients are not corrected, the Blue Cross plans will be applying year after year for additional rate increases."

"The steadily mounting costs of

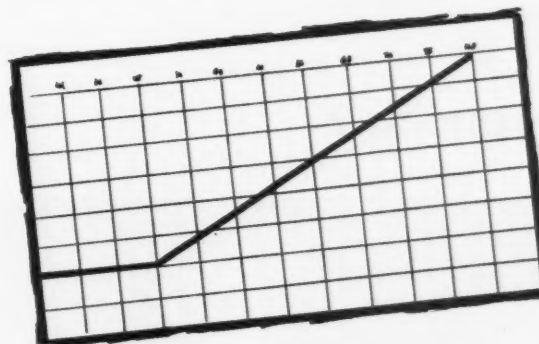
hospital care are placing the Blue Cross plans in no less than an emergency condition. Unless rate increases are approved to provide funds to pay these increasing costs, the three Blue Cross plans involved in these hearings would eventually become bankrupt. On the other hand, if rate increases are to become necessary regularly, the basic object of Blue Cross will be defeated, that being to provide medical care to the citizens of the state at reasonable cost through non-profit organizations.

"I do not believe that everything has been done to bring about the most efficient and economical management of our hospitals. In fact I believe very little has been done. I do not believe that everything has been done by hospital administrators, by the Blue Cross organizations, and by the medical profession to eliminate unnecessary admissions and to reduce protracted hospital stays. In fact I believe with few exceptions very little has been done. I do believe, however, unless action is taken immediately in both of the above regards, the whole scheme of prepaid medical care through the Blue Cross system will be irreparably injured at the expense of millions of citizens of Pennsylvania, resulting in severe personal and financial hardship and suffering."

Medical Profession Not Active

He emphasized: "The record shows conclusively that the medical profession through their state and county societies have done practically nothing in the way of curbing abuses in the use of hospital care."

He referred to charges by Dr. Samuel B. Haddon, former president of the Philadelphia County Medical society and said they implied that doctors are admitting Blue Cross subscribers to hospitals where such hospital care is unnecessary, simply because the hospital bill will be paid by Blue Cross and the doctor is more likely to obtain his fee—grounds certainly for disciplinary action.



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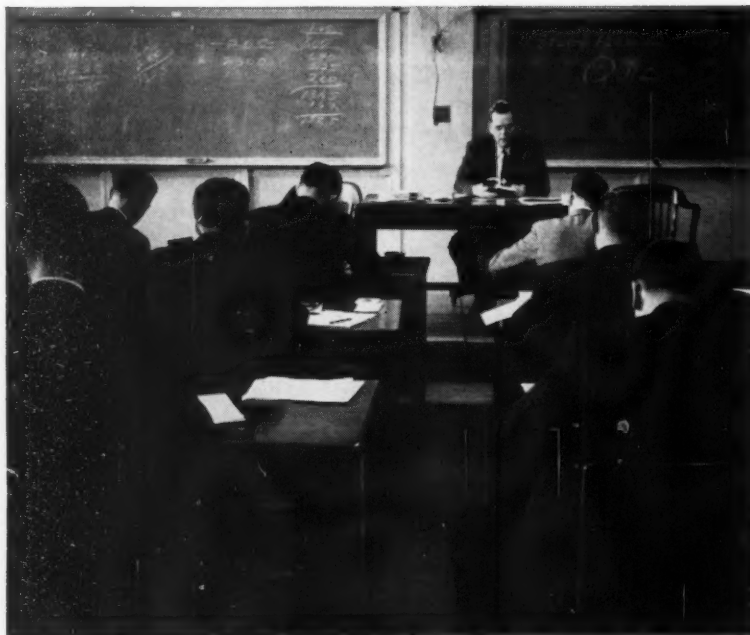
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BOAT
DEALERS
PREDICT**

Remember, April is
outfitting month—a
golden opportunity
for writing important
marine business.

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EVERY ONE OF THEM. You're looking at a class in session at Royal-Globe's educational department. Taught by former fieldmen, this could be trainees going through one of our formal training programs preparatory to taking their places in one of our local mobile production teams.

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In either case, they'll all be salesmen, and good reasons for us to say:

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Convention Dates

- April 28-29, Iowa Assn. of Mutual Insurance Agents, annual, Hotel Savary, Des Moines.
April 28-30, National Assn. of Independent Insurance Adjusters, annual, Sheraton Plaza hotel, Boston.
May 1-3, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
May 1-3, North Carolina Assn. of Insurance Agents, annual, Hotel Carolina, Pinehurst.
May 2-3, Oklahoma Assn. of Insurance Agents, annual, Mayo hotel, Tulsa.
May 4-6, New York State Assn. of Insurance Agents, annual, Hotel Syracuse, Syracuse.
May 5-7, American Mutual Insurance Alliance, annual, Edgewater Beach hotel, Chicago.
May 7, Illinois State Assn. of A&H Underwriters, annual sales congress, Prudential building, Chicago.
May 8-9, Ohio Assn. of A&H Underwriters, Netherland Hilton hotel, Cleveland.
May 8-9, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton hotel, Chicago.
May 11-13, Alabama Assn. of Insurance Agents, annual, Dinkler-Tutwiler hotel, Birmingham.
May 11-14, American Assn. of Managing General Agents, annual, Broadmoor hotel, Colorado Springs, Colo.
May 12-14, National Assn. of Mutual Insurance Agents, midyear, Kentucky hotel, Louisville.
May 13-14, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield.
May 16-17, Texas Assn. of Insurance Agents, annual, Rice hotel, Houston.
May 19-23, National Fire Protection Assn., annual, Palmer House, Chicago.
May 21-23, Insurance Company Education Directors' Society, annual, Skytop lodge, Skytop, Pa.
May 22, Midwestern Independent Statistical Service, annual, LaSalle hotel, Chicago.
May 23-24, Florida Assn. of Insurance Agents, annual, Fontainebleu hotel, Miami Beach.
May 25-27, Florida Assn. of Mutual Insurance Agents, annual, Balmoral hotel, Miami Beach.
June 1-4, Insurance Accounting & Statistical Assn., annual, Sherman hotel, Chicago.
June 2-3, Eastern Underwriters Assn., midyear, Whiteface Inn, N. Y.
June 6-7, Pennsylvania Claim Men's Assn., annual, Bedford Springs, Pa.
June 8-10, Maryland Assn. of Insurance Agents, midyear, Commander hotel, Ocean City.
June 8-11, Conference of Mutual Casualty Companies, management conference, Grove Park Inn, Asheville, N. C.
June 9-11, Southeastern Underwriters Assn., annual, The Homestead, Hot Springs, Va.
June 9-13, National Assn. of Insurance Commissioners, annual, Conrad Hilton hotel, Chicago.
June 11-12, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.
June 11-14, International Assn. of A&H Underwriters, annual, Statler hotel, Los Angeles.
June 11-14, National Assn. of Public Insurance Adjusters, annual, Hotel Traymore, Atlantic City, N. J.
June 12-14, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
June 12-14, North Carolina Assn. of Mutual Insurance Agents, annual, Grove Park Inn, and Fairway Lodge, Asheville.
June 15-17, New England Assn. of Insurance Agents, annual, Lake Tarleton Club, Pike, N. H.
June 18-19, Minnesota Fire Underwriters Assn., annual, Pine Beach hotel, Brainerd.
June 19-21, Georgia Assn. of Insurance Agents, annual, General Oglethorpe hotel, Savannah.
June 22-25, Insurance Advertising Conference, annual, Clauson's Inn, North Falmouth, Mass.
June 24-27, National Assn. of Insurance Women, annual, Statler Hilton hotel, Detroit.
June 29-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
June 30-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.
Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.
Aug. 21-28, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.
Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.
Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.
Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.

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Your Mill Owners fieldman can help you see and sell more people these two ways:

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Limit On Single Hull Raised To \$10 Million

American Hull Insurance Syndicate has increased its capacity on a single vessel from \$7 million to \$10 million. Clifford G. Cornwell, chairman, said the need for increased capacity had been highlighted by the expected delivery within the next few months of four new, high-valued passenger vessels to Grace lines and Moore-McCormack lines.

"The emergence of large flat passenger vessels such as the *United States*, *Constitution*, *Independence*, *Lurline*, and *Matsonia* in the post war era," Mr. Cornwell noted, "resulted in the syndicate increasing its limit on a single hull to \$5 million in 1948 and to \$7 million in 1951."

Phoenix Of Hartford Names Riley Rochester Manager

Phoenix of Hartford has promoted John A. Riley to manager of the newly designated Rochester district office. He joined Phoenix in 1934, and has been state agent since 1952.



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House Empty 60 Days But Insured Recovers

A Wilmington, N. C., property owner, who stated that the house she owned about 40 miles away was occupied, was entitled to recovery when the property was completely destroyed by fire, in spite of the fact that the premises were empty longer than the 60 day vacancy clause of the policy. The fourth U. S. court of appeals, upheld the district court in finding for the owner. The case is reported in 9 CCH (Fire & Casualty) 524.

Mrs. Garvey, the owner, had rented the property in rural Wallace in March, 1955, and her father, who lived near there, collected the rent for her. Small amounts were paid from time to time but the tenants eventually became unable to pay. Mrs. Garvey did not move to evict the tenants whom she had known a lifetime, and since the rent had ceased she was out of touch with the situation and did not know whether the dwelling was occupied or not.

Tenants' Move Was Unknown

She obtained a fire insurance policy on the property Dec. 1, 1955, when the tenants had already moved unknown to her, and she said that the premises were occupied. Fire completely destroyed the building on Jan. 23, 1956. Old Colony, the insurer, contested on the misrepresentation of occupancy and held the policy to be invalid. The lower court ruled that insured's statement was made in good faith and further observed that the vacancy provision begins to run from date of issuance of the policy, not from the time premises were unoccupied. Since the vacancy from the time the policy became effective until the fire was less than 60 days, the court found for Mrs. Garvey and the higher court sustained the verdict.

Joshua S. James of James & James appeared for Old Colony, and Wallace C. Murchison, Yow & Yow, Carter & Murchison for Mrs. Garvey.

Mutual Inspection Bureaus Merge To Expand Service

Pennsylvania Mutual Inspection Bureau and the Mutual Inspection Bureau have merged under the latter title. The former was organized by a group of mutual fire companies in 1929 to provide fire engineering service in the state on business written by mutual companies. In 1945 it extended operations to New Jersey.

Mutual Inspection Bureau was organized in 1950 to provide the same type of service in Florida and Georgia and later expanded into Alabama and Mississippi. The merged organization will expand into North Carolina, South Carolina, Tennessee and Louisiana. Complete inspection facilities will be available to any mutual company operating in any or all of these 10 states. Appraisal service will be continued in Pennsylvania and New Jersey.

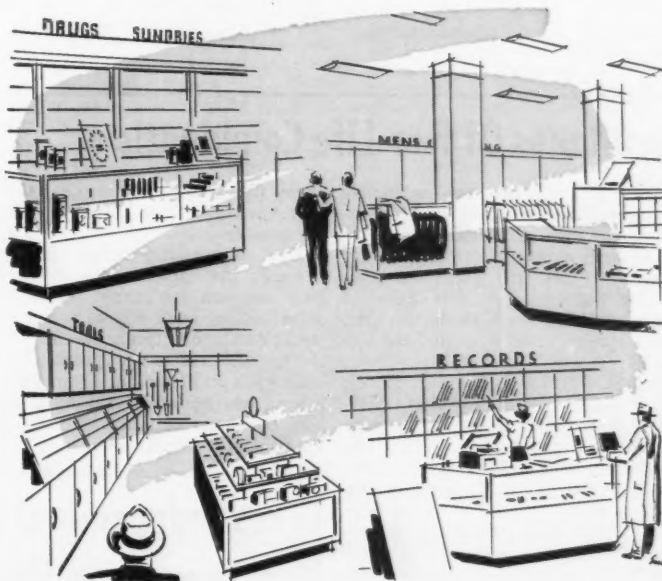
National Fire Names Jones To Detroit Post

National Fire has appointed Kenneth G. Jones marine and multiple peril supervisor at Detroit. He has had previous field experience.

In Delta Sales Post

Carl L. Christenson, resident manager Arkansas for Liberty Mutual, has gone with Delta group of Baton Rouge as assistant secretary in charge of sales and as executive vice-president of its Thomas agency.

Added measure of protection for the merchant



LATEST OF THE multiple-peril package contracts is the Commercial Property policy which is written to cover store furnishings, stock and merchandise for the retailers, wholesalers and distributors who represent a prime source of premium volume for the general-writing agent.

While coverage of this type has long been available to a few classes of dealers under the inland marine forms, the Commercial Property policy

extends the principle of all-risk coverage on stock and merchandise to virtually all non-manufacturing risks.

Eligible buyers will welcome the convenience and broadened coverage of the single, all-risk package—the added measure of protection provided by Grain Dealers' thoroughgoing loss prevention service. *Direct benefits are increased safety... avoidance of costly shutdowns... maximum savings through policyholder dividends.*

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COMMENTS

TRENDS

OBSERVATIONS

Advantages Of Fire-Life Combination

As more fire and casualty companies start life insurers, acquire a life company, or arrange affiliation, the reasons for such combination are closely analyzed and set out. This has been done, for example, in the case of Springfield F&M and Monarch Life. The advantages of affiliation here are set out as:

Under the laws of most states, Monarch and the Springfield companies are restricted to writing insurance in their respective fields, the only common area being A&S. Affiliation will permit them to provide the entire insurance needs of a policyholder through their combined underwriting facilities, thereby lending convenience to the policyholder and improving customer relations and the production of both companies.

Will Provide Wider Diversification

Affiliation will provide wider diversification of risk and type of insurance, as well as increased diversification of investments.

In certain areas of research such as investments, economics, marketing, methods and personnel, the combined activities of both companies will increase the effectiveness of their current separate efforts.

More effective use of modern electronic data processing equipment is possible as the volume of data handled increases. Moreover, through the collaboration of the technical staffs of both companies, advantages can be gained by each company from the experience the other has acquired in this comparatively new field.

Some functions can immediately be consolidated, such as purchasing and printing, with advantages accruing

from the larger volume handled and increased facilities available to both companies.

By advertising both companies through the same media, more effective use can be made of the money allocated by each company for advertising and publicity purposes.

The extensive program for the education and training of employees and agents which each company maintains can be made available to the other with mutual advantages.

Gives Independent Insurer's Views On Non-Success Of Regulation Since 1948

The transition from self to state regulation has been a difficult one, particularly in fire insurance, Bradford Smith Jr., executive vice-president of North America, told a group of the faculty and students at Williams college, Williamstown, Mass. His paper dealt with "Competition and Regulation in the Insurance Industry."

Currently, he said, the insurance business as a whole, except life, is going through a very unprofitable cycle. There are those who would blame the competitive activities of independent companies for this. Others believe that the economic pressure now relentlessly exerted on the companies, particularly rating bureau members and their agents, will prove to be their salvation by forcing the adjustments needed to modernize rating methods and to equalize the competitive advantages of different methods of merchandising and distributing insurance. Mr. Smith believes that the latter view will be proved correct in the next five years.

After presenting an extensive review of self regulation of the business prior to the Southeastern Underwriters Association case and the trials and tribulations of the business under the all industry regulatory legislation, Mr. Smith concluded with an optimistic view of the future.

Will Continue On Reasonable Basis

He believes that competition in insurance forms and pricing should and will continue on a "reasonable" basis. Natural economic forces will bring about some important readjustments in distribution systems and merchandising methods. The successful companies will be those that recognize and cater to the public's requirements in price, coverage and service.

Furthermore, he said, the current unprofitable cycle will be brought to an end in due course, and insurance will surge ahead to even greater attainment. The future will prove challenging and dynamic—and will attract men of ability willing to venture.

Pointing to the commanding position of insurance in the trade, commerce and personal life of the country, Mr. Smith said it is easy to understand

Claim personnel and other field representatives who service policies will be able to use joint office facilities, with resulting economies through reduced overhead costs to each company.

Room For Expansion

The home offices of both companies are situated in Springfield, Mass., on valuable and well-located sites in close proximity. Monarch's is nearer the business center of the city; Springfield's larger floor area and acreage will provide adequate room for expansion of both companies.

Underwriter Rated Top Man In London

Ben D. Cooke, managing director of B. D. Cooke & Partners of London, and of Agency Managers of New York, told the Insurance Society of the University of Pennsylvania at Philadelphia that a really good underwriter is born, not made.

"Men who sit in insurance company offices checking insurance applications with rate books are called underwriters in the United States. In London, men who do this kind of routine work are known as slip clerks. This difference in standards, accounts in large measure for the difference between the practice of insurance in America and Britain," Mr. Cooke said.

Is One Of The Chief Executives

He continued: "In London, the underwriter is one of the chief executives of the insurance company or group. He is a man highly skilled and highly paid. He has a comprehensive knowledge of the business and its intricacies. He is a man of good judgment, and of unimpeachable integrity. He is able to make rapid decisions. He has a broad knowledge of international affairs, and a personal awareness of conditions in many countries. He has a sixth sense that enables him to appraise situations, not only as they are today, but as they will be in one, two, three or even more years to come."

There are cases on record, according to Mr. Cooke, where large British insurance companies have bought up smaller ones for the sole purpose of obtaining the services of an outstanding underwriter when there was no other way by which his services could be had. He asserted that the successful underwriter in London must be little short of a genius, and in addition to his professional qualifications, needs one more quality inherent in the practice of his profession: A highly developed sense of ethics.

Phrase Is Familiar

"In London," Mr. Cooke said, "the Latin phrase *uberrima fides* is as familiar to every insurance man as the hat he wears on his head. It is the key to all insurance thinking in England. It is the first thing a student at a London school of insurance learns, and it is the one thing that is constantly impressed upon him—whether he is in the insurance business for one year, or for fifty. What it means is: 'The utmost good faith.'"

He declared that behind that phrase, stands 250 years of insurance tradition in England which holds the insurer is the trustee of the policyholder and must prove to be a friend in time of need, by settling losses quickly, generously, and without quibble.

"The London underwriter is thus aware," Mr. Cooke concluded, "that the role he plays is part of a long, steady, continuing progress in the protection of people and industry. He is building for tomorrow, not alone for today . . . for fifty years rather than five years."



Debbie Reynolds, film actress, makes friends with junior fire marshals, Sherly and Bill Taylor of Los Angeles. They are among 4 million junior fire marshals who are distributing spring clean up fire prevention reminders in a nationwide door-to-door campaign. The tag Miss Reynolds is receiving lists six seasonal fire prevention tips and is supplied by Hartford Fire, which sponsors the junior fire marshal program.

Fire Insurers Leaders

These were extraordinary privileges, Mr. Smith observed. Fire insurers were the leaders in carrying them to the lengths which led to their indictment in the SEUA proceedings. In this branch of the business, trade associations covered practically all phases of operation, including rating procedures and competitive practices. Rules and regulations were established for almost every conceivable business problem or eventuality. In every respect members of trade associations sought to protect themselves against inroads of competitors whose methods of doing business did not conform to the association's pattern.

Certain activities contributed importantly to the public welfare, he stated.

(CONTINUED ON PAGE 24)

Sees Pressures Forcing Wedding of Agents

(CONTINUED FROM PAGE 9)

in the eyes of his clients if he did not handle the premium. Then there was the probability that the premium would be less. Jones, on the other hand, argued that he had never experienced any problem with these considerations and that, in fact, he found the companies eager to build up his prestige with his clients and protect his accounts. Also, he thought that an agreement could be worked out providing for a reasonable vesting of rights to renewal commissions which would probably be just as good, if not better, than the present uncertain arrangement. After all, he argued, the policyholder is the true owner of his insurance expirations—he's the boss. As to the commission question, they both agreed that the important thing was their net profit rather than the percentage of commissions. They could afford to take less commission if they had commensurately less overhead and more competitive rates and forms. In the end, Smith came to the conclusion that public favor would run to the agents and companies that gave the insurance buyer first consideration, and that, since technological advance had put such a premium on team work between agent and company, he had better join up with Jones to exploit that principle in the interest of their policyholders and themselves.

Offer Multiple Line Service

"And so, after many hours of thoughtful planning, Jones and Smith launched their life, fire, casualty insurance service. They had no difficulty in working out an equitable arrangement with an integrated group of companies and soon found themselves multiple line agents for life, fire and casualty insurance.

"It was now up to them to put their principles into play. Their first move was to separate their more intricate special risks and commercial business from the semi-standardized mandatory and personal business. For the latter they set up a plan to combine policies wherever possible, to bring about common expiration dates; to put premium payments on a budget plan where wanted or needed, and finally, to see to it that they handled all of a client's personal insurance. Next, they made the necessary arrangements with their company group to take over the writing of policies, including renewals, the collection of premiums, and the integration of their accounting systems to the end that every detail possible was handled mechanically at the least cost to the agency and the company. These were radical changes over past procedures and they approached them cautiously in order to make sure that they were not losing any of their effectiveness in taking care of their clients' needs. Actually, they found that by improved organization of their records and the use of multiple line policies they could do an even better job for their personal insurance clients. Moreover, they saved such an enormous amount of time and effort that they were able to give much more time to the development of commercial and special hazard lines which offered a high profit potential.

Overhead Came Down

"Gradually, other agents of the company group adopted the same principle of operation and the overhead of the companies came down. They too had been able to effect some real economies. Their collections improved immensely. Instead of having two to three months premiums outstanding, they were practically current. Work

in their statistical units dropped way down due to the reduction in cancellations and the mistakes that had to be backed out of the figures. Unproductive work in the field offices dropped off as petty differences with agents disappeared and some of the time saved was absorbed in more fruitful loss prevention work.

"In due course, the rate levels of the companies reflected the operating

economies making them highly competitive with other carriers. Jones and Smith enjoyed a rapid upsurge in their net earnings. The public seemed to sense and to favor the management policy that brought them lower rates and better service. This made Smith feel more secure than ever over the ownership of the expirations because they were pleasing their boss, John Q. Public. But equally important was the fact that they were not plagued with an overhead expense that heretofore had seemed to grow just as rapidly as their business. The new

arrangement put them in a position to increase their business with a minimum of additional expense."

Write Bond On \$8 Million Air Force Hangar Project

Ellis, Smith & Co., Dallas general agency, has written the bond on a new \$8 million contract for the manufacture and construction of maintenance docks for the U. S. Air Force awarded to Specialized Propulsion & Control Equipment, Garland.

Sign of Strength, Service, Dependability

America Fore Loyalty Group

Member Companies:

THE CONTINENTAL INSURANCE COMPANY.....	Est. 1853
FIDELITY-PHENIX FIRE INSURANCE COMPANY.....	Est. 1853
FIREMEN'S INSURANCE COMPANY OF NEWARK, N. J.....	Est. 1855
NIAGARA FIRE INSURANCE COMPANY.....	Est. 1850
THE FIDELITY AND CASUALTY COMPANY OF NEW YORK.....	Est. 1875
NATIONAL-BEN FRANKLIN INSURANCE COMPANY.....	Est. 1866
MILWAUKEE INSURANCE COMPANY.....	Est. 1852
ROYAL GENERAL INSURANCE COMPANY OF CANADA.....	Est. 1906
THE METROPOLITAN CASUALTY INSURANCE COMPANY OF N. Y.....	Est. 1874
COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.....	Est. 1909

Larger Earnings For Corroon & Reynolds

Consolidated net income in 1957 of Corroon & Reynolds Corp., underwriting manager of the Corroon & Reynolds insurers, aggregated \$954,678, compared with \$942,502 the previous year, R. A. Corroon Jr., president, reported to stockholders.

Dividends on the preferred stock amounted to \$159,425 in 1957, leaving a balance of \$795,253, equal to \$1.05 per common share. In the year 1956

dividends on the preferred stock totaled \$169,325, leaving a balance of \$773,177, equivalent to \$1.02 per common share.

Had Operating Income of \$832,325

The corporation had operating income before federal income tax of \$832,325 against \$827,605 in 1956, dividends received from managed insurers was \$519,250 against \$512,177, other income including interest and dividends was \$102,124 compared with \$61,826, and provision for federal in-

come tax was \$499,011 against \$459,106.

Mr. Corroon reported that \$189,172 of the dividends received from managed insurers in 1957 were not subject to federal income tax, which reduced the tax liability by \$14,755, or approximately 2 cents per share. Had these dividends been taxable, the earnings would have been approximately \$1.03 a share on the common for 1957. On the same basis, earnings in 1956 would have amounted to 98 cents per share.

R.&S. Appoints Two Vice-Presidents

Recording & Statistical Corp., has recently appointed two vice-presidents. Lloyd M. Wylie was named vice-president in charge of the Toronto



R. J. Vanderbeck



Lloyd M. Wylie

printing plant, which is expanding its facilities and productive capacity, especially in insurance policy printing.

Mr. Wylie joined the company in 1955 after 25 years in the graphic arts, mail and display advertising fields. He became sales manager of the lithograph and letterpress printing division of R.&S. in 1956.

Robert J. Vanderbeck, formerly assistant vice-president, as vice-president will have expanded executive responsibilities.

After serving many years in the insurance business, he joined R.&S. at its executive offices in New York in 1955. He had been assistant manager of Eastern Underwriters Assn. He began in 1937 with North British. After war service he joined the George H. Beckmann agency in Teaneck, N. J., and later was with American as a field man in Illinois.

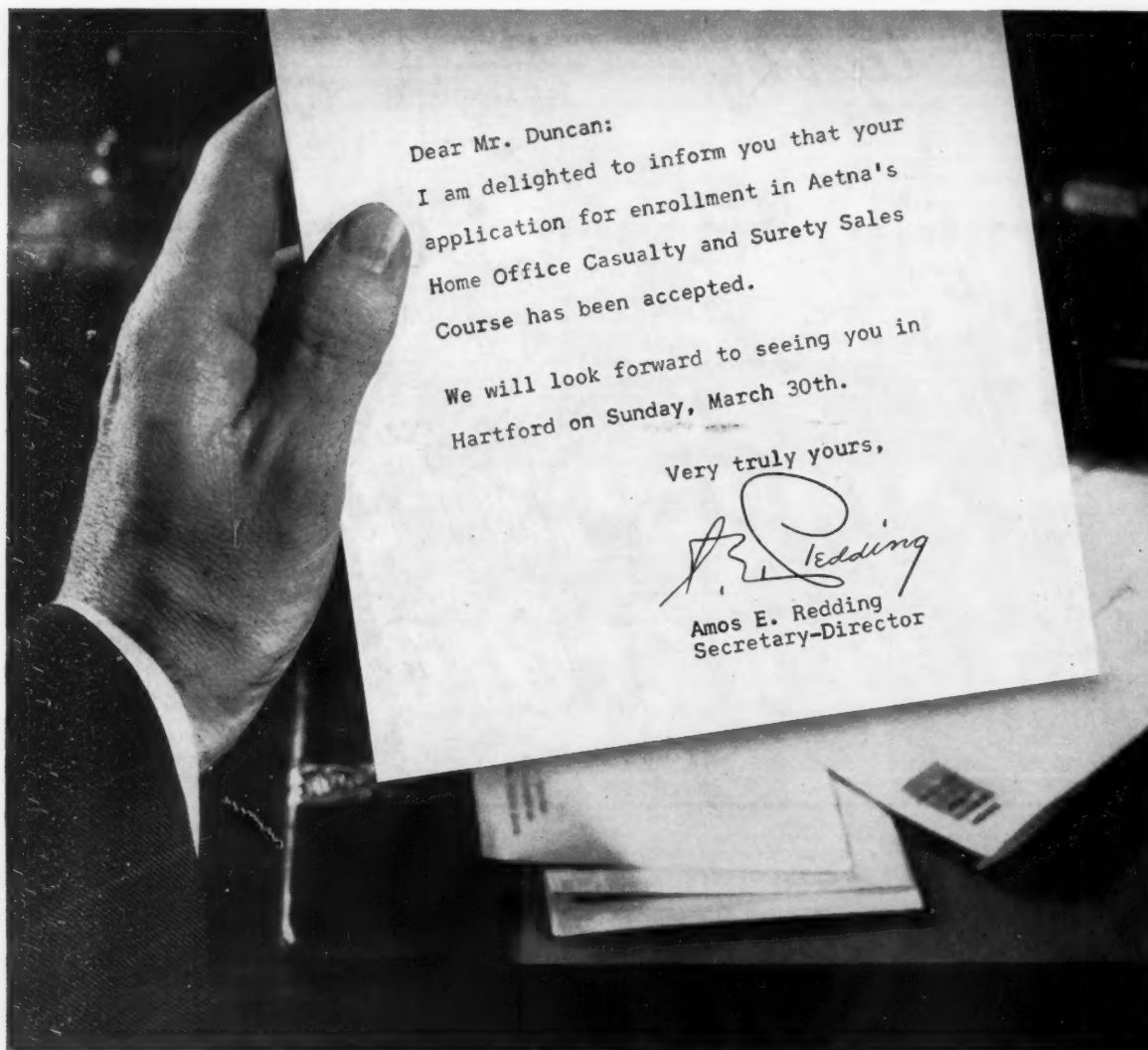
N. Y. Assn. Ready With Agency Management Card

New York State Assn. of Insurance Agents has completed plans for the fourth annual agency management school to be held at Sagamore Lodge, Raquette Lake, June 15-18.

Eugene A. Toale, will lead the discussion on agency management problems, and Lawrence F. Smith, National Assn. of Insurance Agents, will discuss the agency cost study now being brought up to date by NAIA under his direction.

Roy A. Duffus, Rochester, will conduct sessions on "How To Be a Better Agent." Dr. Calvin J. Callaghan, Syracuse University, will discuss the need for good speech and proper sales approach. Victor T. Ehre, Buffalo, will discuss the Buffalo plan which helps to streamline the operations of agents and companies in this time of high insurance costs.

Harilee Branch Jr. president of Southern Co., has been elected a director of General Re. He is deputy chairman of Federal Reserve Bank of Atlanta, vice-chairman of the Georgia nuclear energy advisory commission, and a director of Southern Railway, U. S. Chamber of Commerce and National Industrial Conference Board.



Passport to a bright future IN THE INSURANCE BUSINESS

This young man will discover—as have thousands of graduates — that Aetna's Home Office Casualty and Surety Sales Course goes far beyond theory and fundamentals. It implants in the student a deep under-

standing of the whole socioeconomic significance of the business, and teaches him modern, professional insurance programming and selling. For complete details, contact your nearest Aetna Supervising Office soon.

AETNA CASUALTY AND SURETY COMPANY

Affiliated with AETNA LIFE INSURANCE COMPANY • STANDARD FIRE INSURANCE COMPANY
Hartford 15, Connecticut



Agency
Building
is our
Business

ALL FORMS OF CASUALTY, BONDING, FIRE AND MARINE PROTECTION

WE MAKE SELLING LIFE INSURANCE EASY FOR YOU

That's why each year more and more casualty agencies have been selling SUN LIFE policies.

— and also that's why SUN LIFE has grown continuously so that today we have

OVER ONE HALF BILLION DOLLARS OF INSURANCE IN FORCE

Grow with us, we will not just put you in the life insurance business, but we will give you the kind of prompt, personalized service you need for a profitable operation.

SUN LIFE INSURANCE CO. OF AMERICA
109 E. Redwood St.
Baltimore 2, Md.

General Agents contracts are available in N. J., Del., Md., Va., Ohio, Ind., Ill., Pa. and D. C. Write in confidence to B. Frank, Director of General Agencies.

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Reader's Digest

May 1958

The first advertisement
in an **all-new campaign**
giving

Hartford Group Agents
strongest support ever!

This one ad will appear before
32 million people
in Reader's Digest alone...

The picture of strength

...strength for your protection

In the early days of the Hartford Fire Insurance Company, people looked on insurance with some skepticism. Then on December 15, 1835 something happened which changed their attitude almost overnight . . .

It was the fire that destroyed New York. At one stroke, this disaster wiped out practically all that had been built up in years of painstaking effort. Homes. Businesses. Hopes.

In those days news traveled slowly. Word of the fire did not reach the home office of the Hartford until the next day.

Hartford's president, Eliphalet Terry, started for the stricken city at once. It was a bleak, uncomfortable ride—108 lonely miles over snowy, wind-swept roads! In an open sleigh. With the temperature near zero.

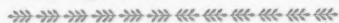
In New York, he found glum men milling about in smoldering ashes. President Terry approached group after group, saying simply and directly that the policies of the Hartford were good as gold, that he had come to pay claims.

His message spread. Through the crowds. Through the city. It carried comfort and encouragement, and gave new hope to saddened people.

President Terry made good his words. By February, every last Hartford policyholder had been located, his loss paid.

In the years that have passed since this episode, the same "spirit of service" to policyholders in trouble remains unchanged. It is typical of the attitude the Hartford takes in all dealings—large or small—to this day.

Now, as then, the Hartford's famed trademark, the Stag, means strength for your protection.



You get all three when you're insured through a Hartford Group Agent

1. Peace of Mind. The Hartford is a financially strong, soundly managed organization with a 148-year record for prompt and fair loss payments.

2. The Best of Professional Help. Hartford Agents are trained, experienced insurance men. They are fully qualified to advise and serve you on all forms of insurance and bonds.

3. Service That Meets Your Needs. The Hartford serves you through 33,000 Agents and 9,500 staff members. Look to the Hartford wherever you are, for protection for home . . . car . . . family . . . farm . . . business.

Year in and year out you'll do well with the **HARTFORD**





Look for this famous Stag trademark when you buy insurance

Year in and year out you'll do well with the

HARTFORD

Fire Insurance Company

Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

Hartford Live Stock Insurance Company

Citizens Insurance Company of New Jersey, *Hartford 15, Connecticut*

New York Underwriters Insurance Company, *New York 38, New York*

Northwestern Fire and Marine Insurance Company

Twin City Fire Insurance Company, *Minneapolis 2, Minnesota*

GROUP



May 1958 Reader's Digest

Hartford Group Advertising

... is being seen and read by practically all of your good prospects ... the buyers right in your own neighborhood ... perhaps the very people you'll be seeing tomorrow.

Biggest Ever

Prestige-Building Campaign for Hartford Group Agents!

This campaign gets the attention that producers like yourself have always wanted for the policies you handle, and the services you offer.

Over 102,000,000 Prospects

reached by Hartford advertising in Reader's Digest ... Life ... Post ... Look ... Farm Journal ... National Geographic ...

During 1958!

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Armstrong To Canada As America Fore V-P

America Fore has elected George L. Armstrong vice-president of Continental, Fidelity-Phoenix, Niagara, and Fidelity & Casualty. He was also named manager of the Canadian department of these companies at Montreal.



George L. Armstrong

Mr. Armstrong entered the business at Edinburgh with Caledonian and worked in the home branches and in Calcutta. After service in the navy he joined Caledonian at Hartford and became chairman of its U. S. board and president of Caledonian-American.

N. C. Asks Contribution To State WC Security Fund

The first call in more than a decade has gone out for companies writing workmen's compensation in North Carolina to make a contribution to the WC security fund on deposit with the state treasurer.

Commissioner Gold has notified North Carolina Compensation Rating & Inspection Bureau that a contribution will be necessary, after a study showed the fund was insufficient to meet the requirements of the 1935 law.

The security fund is supposed at all times to equal 5% of the aggregate reported loss reserves of the companies operating in the state. Mr. Gold said the study, made by Deputy Commissioner Ernest Randolph, showed that stock companies which have a total of \$280,994 in the fund are \$99,045 short of requirements, and mutual companies with \$229,706 are short by \$47,154.

Mr. Gold said both stock and mutual companies are to pay into the fund by Sept. 1, 1% of all WC premiums collected during the six months ending June 30. He said one semi-annual payment probably would be sufficient to raise the fund to the necessary level. The order affects 145 companies.

The insurance department is said to be considering a recommendation to the 1959 legislature that it require a similar fund for automobile liability insurance, since auto financial responsibility now is compulsory.

Walter, Fredericks Named American Surety Trustees

Elliot V. Walter and Alanson R. Fredericks have been elected trustees of American Surety. Mr. Walter is president of Macy's. Mr. Fredericks is a vice-president and general counsel of American Surety and a director and general counsel of its affiliate, American Life. He has been with the organization since 1936 and vice-president since 1957.

National Board Booklet On Building Loss Hazards

The National Board has issued a booklet, "Building Loss Possibilities from Fire and Natural Hazards." It discusses the causes of losses, tells how to provide safeguards against them, and is of particular benefit to those involved in the continued usefulness of buildings, such as architects, or builders, or those with financial interest.

Loss factors discussed are type of building construction, enclosures of stairways, elevators and other floor

openings, subdivision of large areas, protection against fire in adjoining property, fire resistant roof coverings and safe chimney construction.

Safeguards for the control of hazard and the value and importance of automatic sprinklers, standpipes, portable extinguishers and other fire protection equipment are explained.

Single copies of the booklet may be obtained from National Board, engineering department, 85 John street, New York; in the midwest at 222 West Adams street, Chicago, and west of the Rockies, from the office at 465 California street, San Francisco.

Rocky Mountain Parley To Hear NAIA Ad Report

A report on NAIA advertising will be featured at Rocky Mountain Territorial Conference to be held June 8-10 at Jackson, Wyo.

The Monday morning business session will feature the report of the contact committee, Barney Flood, chairman, after a response by R. Max Hursh, conference chairman.

With Kenneth Blair Jr. presiding, the first luncheon speaker will be Morton

V. V. White, Allentown, Pa., a member of the NAIA executive board. He will be followed by E. LaMar Buckner, immediate past president U. S. Junior Chamber of Commerce. Ralph Austin, vice-chairman of the conference will preside.

Mr. White will also open the Tuesday session with a report on NAIA advertising and will be followed by John Addy, vice-president Applton & Cox.

A cocktail party and banquet, followed by a dance, will close the conference Tuesday evening.

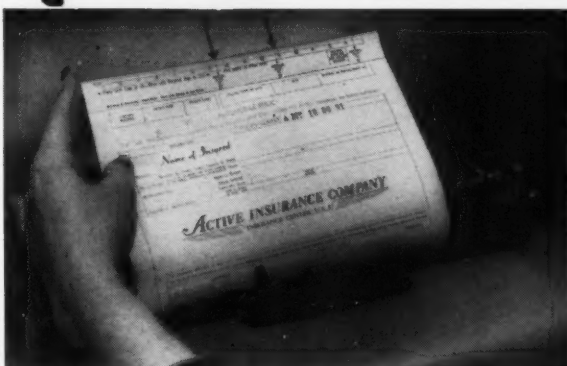


What a difference
a form can make!

"SHORT WRITE"® POLICIES

...are so easy to prepare...
...with only one standard format for—

AUTOMOBILE • BURGLARY • COMPREHENSIVE DWELLING
HOMEOWNERS • INLAND MARINE • LIABILITY



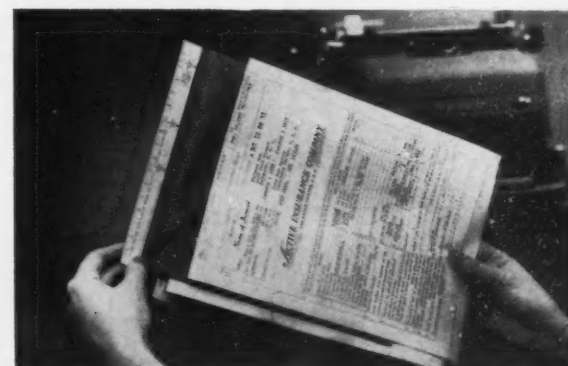
2. Set 2 tab and 1 decimal position on stub—standard data position the same on all policies. (3 positions instead of 7 or more, no "weaving" back and forth—typing area designed for utmost convenience and efficiency).



4. Insert in separate jacket—window opening shows policy no., insured's name and address, policy term, agency. (No typing necessary on jacket) NOTE: text is guaranteed on "Short Write" policies.



1. Insert Reddi-Snap carbon loaded declarations in machine. (no hand-interleaving of carbons, out of line typing, left-out pages).



3. Snap the forms out, discarding carbons—clear copies for home office, agent, certificate of insurance, PLUS cards for any inter-office system (if desired)—ALL IN ONE TYPING.



5. Fold and insert in special window envelope showing insured's name and address—seal and stamp. (No duplicate typing of envelopes, no chance of error).

Samples and complete information on time-saving "Short Write" on request to Dept. N

RECORDING & STATISTICAL CORPORATION

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TORONTO, CAN.

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233 W. Jackson Blvd. HArrison 7-7357
3841 Drew Ave., South. WALnut 2-5922
3119 Victoria Drive. BLAckburn 5-1622
359 N. Maplewood St. KELlogg 2-1162
650 King St., West. EMpire 4-8351



PRINTING PLANTS: DANVILLE, ILL. BOSTON • TORONTO NATION-WIDE SERVICE

Gives Independent Insurers Views On Regulation

(CONTINUED FROM PAGE 16)

One should give due credit for the public good done under the strict control of trade associations and rating bureaus. Standards of fire safety, protection and prevention were encouraged, through rate credits and rate reductions for sound practices. Cities and towns were aided in formulating and adopting model building codes.

Standards of safety were developed and promoted by trade associations. Much time, effort and money were spent on stamping out arson rings. Underwriters Laboratories was formed and run as a non-profit enterprise to test all sorts of materials and appliances for safety in use and operation. Manufacturers were advised on safety

standards for their products, and when they complied, were permitted the use of Underwriters Laboratories' label of approval, adding greatly to the prestige of their products and to the public safety as well.

But, these same good works may have contributed importantly to the events leading up to the indictment of SEUA and a number of its officials for alleged monopolistic practices in violation of the federal antitrust laws.

"Many of the leaders of the stock fire insurers had become so imbued

with their good works that they regarded their conduct of the fire insurance business as beyond question," he declared. "Companies which did not do business in their way, and did not conform to the rules and regulations of their trade associations, were regarded as parasites on the business and fair game for elimination. Mutual companies were looked down upon, and an organized effort was made to discredit them. These views were held with such fervent self-righteousness that little or no thought was given to the possibility that their trade association practices were indictable."

Faced New Circumstances

After the commerce decisions and the McCarran act, the insurance business suddenly faced an entirely new set of circumstances. State regulatory officials and insurance companies as well were confronted with questions which, in the words of Chief Justice Stone, "cannot be answered for years to come during which a great business and the regulatory officers of every state must be harassed by all the doubts and difficulties inseparable from a realignment of the distribution of power in our federal system." No longer would the state government enjoy the exclusive power of regulating the insurance business. Henceforth they would have the federal government looking over their shoulder.

In the light of this threat, the most pressing problem for the states was what to do about the practice of pooling loss experience and the maintenance of the vast national network of rate making organizations, including other related bodies whose functions included advice on rating matters, standard forms of contract, and the enforcement of rules of practice. There was also the problem of pools or syndicates for joint underwriting of very large risks.

Must Pool Loss Statistics

The need to pool loss statistics in order to arrive at a credible basis for rates is obvious, Mr. Smith said. But the need to act in concert beyond this point, and to fix whole rates is far from clear. Still less clear is the need for a narrowly restricted set of "standard" forms established by concerted action and the enforcement of uniform rules of practice.

The point concerning rates was covered in the government's brief in the SEUA case which took note of the fact that the rating bureaus do not determine, on a statistical basis or otherwise, the amount necessary to pay losses (the burning rate), but fix the final premium charged insured. The brief concedes that the formation of burning tables, showing the probability of loss on property may be a legitimate function of a joint bureau, such as the rating organizations.

Expenses Should Not Be The Same

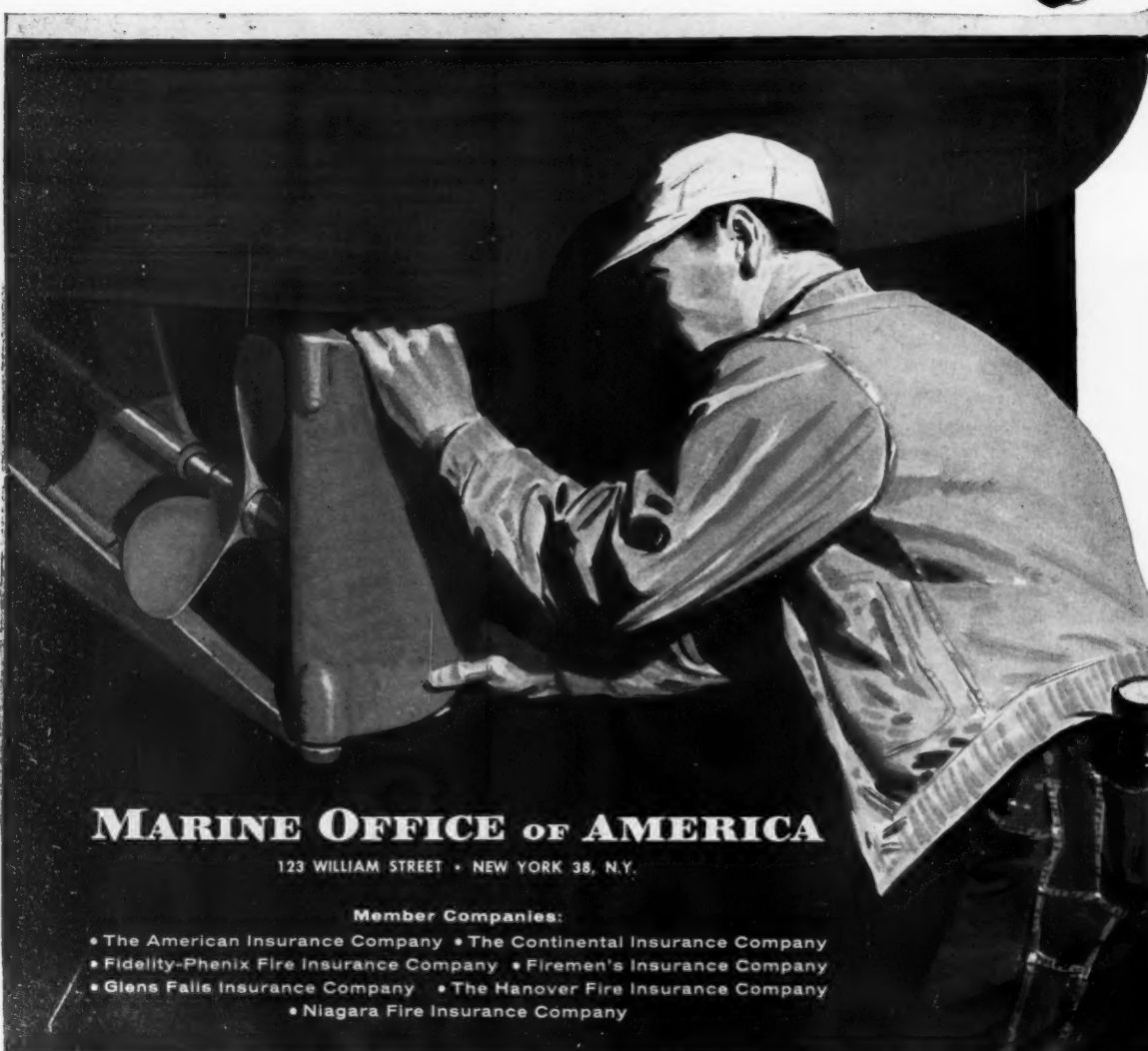
On the question of the whole rate, Mr. Smith observed, the brief recognizes that it should be sufficient to cover (1) the amount necessary to pay losses, including an amount sufficient to maintain adequate reserves against conflagrations, (2) administrative expenses, and (3) profits. It then points out that only the first of these factors is not subject to the control of the individual company, and that the expenses of all companies should not be the same, much less their profits.

Thus, Mr. Smith stated, if the bureaus limited their activities to the formulation of burning tables and companies modified such burning

Time for a Close Look at the Booming Boating Market

This is the season when most of the 7 million boating enthusiasts come out of hibernation. It's an ideal time to go after yacht insurance, for their interest is high and they're more ready to buy.

Talk to them about protecting their pleasure and their pocketbooks with sound insurance through the Marine Office of America. You'll be doing them a favor—while increasing your own business.



MARINE OFFICE OF AMERICA
123 WILLIAM STREET • NEW YORK 38, N.Y.

Member Companies:

- The American Insurance Company • The Continental Insurance Company
- Fidelity-Phenix Fire Insurance Company • Firemen's Insurance Company
- Glens Falls Insurance Company • The Hanover Fire Insurance Company
- Niagara Fire Insurance Company

tables to conform to their own requirements for reserves, administrative expenses and profits, the room left for free play between the burning rate and the final premium charged the policyholder would provide a substantial competitive area.

Such a solution to the problem of rate making was turned down because it was felt that there was a possibility of violating the Sherman act and because it was stated to be the considered opinion of the all industry committee, charged with the formulation of model rating bills, that such a statistical plan would open the door to complete federal control. Moreover, a large and substantial group of insurance people held that uniformity of rates and forms of insurance both are necessary to prevent the business from destroying itself with cut-throat competition.

Were Fearful Of Losing Opportunity

In contrast to these views were those of independent companies who were fearful of losing competitive opportunity through a system enforcing uniformity.

In the end the rating bills stated in their "purpose" sections that they were not intended either to prohibit or discourage reasonable competition or to prohibit or encourage uniformity in insurance rates, rating systems, rating plans or practices. Uniformity or non-uniformity, however, was permitted to the extent necessary to keep rates from being excessive, inadequate or unfairly discriminatory.

To make certain these standards were met, processes of approval and disapproval of rate filings were outlined. Organizations to make rates in concert were permitted, but no insurance company was required to become a member or subscriber. The rating organization was to permit any insurer not a member to be a subscriber to its rating services for any kind of insurance, sub-division, or class of risk or part or combination. Provision was made for subscribers to deviate from the rates of the rating organization and independent rate filings were permitted.

Properly interpreted, Mr. Smith believes, these rating laws could have been made to provide a proper balance between a reasonable opportunity to compete in the public interest and concert of action. Unfortunately, Mr. Smith observed, 10 years of experience under these laws does not show that such a balance has been effectively maintained.

Turned Efforts To Appeals

The tariff companies turned their efforts to use of the appeal sections of the rate laws in an effort to thwart the activities of independent companies, Mr. Smith charged, and "have used their collective power to drive independent companies into long and costly litigation to establish their right to compete with rates and forms differing from those promulgated by the rating bureaus."

The principle for which the tariff companies have battled is very simple, control of competition through rigid uniformity of rates, he averred.

When North America began making independent filings, it was resisted by rating bureau members, who protested that such innovations would produce unfair competition, produce chaos in the industry, confuse the public and confound the force of law and order.

The deviation approach proved so costly in time and effort, he said, it was impracticable.

An alternative was complete for-

mulation of rates by North America. But bureau members contested the company's right of partial subscription in New York. North America won this one, but there is now a contest in New York as to North America's right of partial subscription as to certain multiple line policies.

Subjected To 100 Hearings

Since North America decided to go independent in 1945 the company has been subjected to nearly 100 administrative hearings and court proceedings involving its independent activities, he said. This averages out to about 1½ hearings or proceedings every two months. In practically every instance these hearings and court proceedings have been initiated, prosecuted and financed by the membership or a small committee of the membership of the vast network of rating organizations in the U. S., he asserted.

Mr. Smith called attention to efforts to make bureau membership mandatory—in Kentucky and New York—and to make rates and forms uniform. These attempts were defeated by strenuous opposition of independents, he said.

WE SOLICIT HARD TO PLACE RISKS

We are specialists in unusual insurance problems

Producers inquiries invited

- We specialize in sub-standard private passenger physical damage
- Domestic and foreign markets

Guaranteed commission

FRED MILLER COMPANY

(established 1952)

4028 Broadway - Kansas City 11, Mo. - Logan 1-7640

UNUSUAL OR HAZARDOUS

No, we don't insure Swiss mountain climbers—but we do have the finest coverage you can get on these items, to name just a few:

LONG HAUL TRUCKS • BUSES
PRODUCTS • GENERAL LIABILITY
BUTANE • TAXICABS
ANHYDROUS AMMONIA

Our automatic treaties combine, on a quota share basis, American Stock Companies and Lloyds, London providing maximum strength and security. Contact any of our ten offices for quick information.

HOMER BRAY SERVICE, INC.

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CENTRAL CASUALTY COMPANY

208 SOUTH LaSALLE ST. • PHONE STATE 2-3200 • CHICAGO 3, ILLINOIS

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Enquiries from Brokers Solicited

Holds Fire, Casualty Insurers Will Continue To Enter Life Field

Leland J. Kalmbach, president of Massachusetts Mutual Life, told his company's general agents' meeting at Palm Springs, Cal., he believes fire and casualty companies will continue to enter the life business because their underwriting losses during the last few years and life company prosperity have led to the idea that the addition of a life company's earnings would stabilize over-all operations.

Need Trained Life Agents

Regarding the theory that insurance companies will prosper in the future to the extent that they make it possible to satisfy all insured's needs through one company, one agency and one agent, Mr. Kalmbach said: "I think that life insurance needs can be adequately covered only through the services of trained, experienced life underwriters—specialists who are prepared to offer expert advice and expert service."

Schedule Hearings On New Cal. Health And Welfare Program Act

A public hearing to announce and consider proposed rules and regulations governing the operation of employee health and welfare plans, as provided under the new California health and welfare program supervision act, has been called by Commissioner McConnell in San Francisco May 14. A similar hearing has been set for May 20 at Los Angeles.

The proposed rules and regulations encompass:

Provisions defining the scope of the supervision act; provisions defining the scope of the proposed rules and regulations and the kinds of programs covered; provisions defining the meaning of terms the definition of which may be found to be necessary; provisions for the form and filing of an annual report; provisions for the registration of employee health and welfare programs.

A question still exists as to whether the new act applies to any health, welfare or pension program other than the type specified in certain insurance code sections.

Cite Ark. Rating Bureau For Public Service

LITTLE ROCK—Arkansas Inspection & Rating Bureau was honored for "its fine public service activities in the cause of fire safety" by five statewide organizations who together presented a bronze-gold plaque to the bureau at its annual meeting here recently. The organizations were State Department of Education; State Police Department—Fire Marshal section; State Fire Prevention Assn.; State Firemen's Assn.; and Arkansas Assn. of Insurance Agents.

H. C. Tate, Aetna Fire, secretary and chairman of the bureau's board of governors, received the plaque from Lt. William Stuebing, Arkansas state fire marshal, representing the above organizations. The plaque was engraved with a text citing the bureau's "professional assistance to such public fire safety activities as town inspections, firemen's training, national fire service conference, junior fire marshal school building inspections and varied civic and communitywide fire safety programs."

Automobile Claims Men Of New York Elect Officers

Automobile Claims Assn. of New York has elected as president Walter Schaefer of Sun Office; vice-president, Mario R. Cacace of American Plan Corp.; treasurer, Forrest McVean of Hanover, and secretary, Robert D. Messler of North British.

Legal Trends In Bonding

Legal trends in the bonding field were discussed by A. R. Fredericks, vice-president and general counsel of American Surety, at the April meeting of Assn. of Bond Underwriters of New York City. He called attention to the tendency of higher courts to emphasize the equities in reaching their decisions and pointed out some of the difficulties encountered in writing bonds under the Capehart act.

Roemer Merges In Oakland, Cal.

The business of Paul R. Roemer, insurance broker of Oakland, Cal., has been merged with Marsh & McLennan-Cosgrove & Co. The Roemer office in Oakland will continue with the addition of expanded services made available by the merger. Mr. Roemer has been in the business in Oakland more than 30 years.

YOUR PARTNER CAN BE YOUR DOWNFALL



... a free booklet to help you sell
partnership insurance

Here is a wonderfully simple little booklet that dramatizes the need for partnership insurance in a clear, easy-to-understand picture and caption story.

This Prudential booklet, "Your Partner Can Be Your Downfall," has helped many brokers sell partnership insurance. For your free copy of this helpful sales aid, just clip and send in the coupon today.

YOU'LL ENJOY "THE TWENTIETH CENTURY," SUNDAYS, CBS-TV



To: Brokerage Service, The Prudential, Newark 1, N.J.

- ☐ Please send me a free copy of "Your Partner Can Be Your Downfall."
- ☐ I would like to know more about Prudential's Brokerage Services and how they can make Life sales easier for me.

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ADDRESS _____

CITY & STATE _____

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

NU-65

April 25, 1958

B. & R. EXCESS CORPORATION

EXCESS BROKERS

- Surplus Line
- Excess Limits
- Ocean Marine
- Errors and Omissions
- Reinsurance (Facultative & Treaties)

26 Court St., Brooklyn, N. Y.

MAin 4-4976-7-8

Personal Attention for Your Problems

Service Guide

O'TOOLE ASSOCIATES Management Consultants To Insurance Companies

Established 1945
220-02 Hempstead Avenue
Queens Village 29, N. Y.

The LAWRENCE WILSON COMPANY

Managing General Agents
SURPLUS LINES - All Forms
Representing **LLOYD'S, LONDON**
First National Bank Building
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TRANS-CANADA ASSURANCE AGENCIES, INC.

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SPECIAL RISKS—SURPLUS LINES
REINSURANCE
1231 Ste. Catherine St., West
Montreal, Canada

BOWLES, ANDREWS & TOWNE, Inc.

ACTUARIES
MANAGEMENT CONSULTANTS
LIFE—FIRE—CASUALTY
EMPLOYEE BENEFIT PLANS
RICHMOND ATLANTA NEW YORK
PORTLAND

CONSULTANTS

IN MARKETING AND FOR THE MANAGEMENT INSURANCE BUSINESS
FRANK LANG & ASSOCIATES
ONE NORTH LASALLE ST. CHICAGO 2, ILLINOIS
521 FIFTH AVENUE NEW YORK 17, N.Y.

UM And Other Bills Passed In Virginia

In addition to making uninsured motorist coverage a mandatory part of the auto liability policy, the Virginia legislature increased the tort death maximum from \$25,000 to \$30,000, raised financial responsibility limits from 10/20/1 to 15/30/5, and passed a law which permits the state corporation commission to approve a plan of installment payments of premiums on second, third and subsequent years' business if it is one uniform plan and if it contains realistic interest charges and other costs. All these measures are effective July 1.

The uninsured motorist law covers uninsured vehicles, and hit and run situations. The arbitration clause is deleted. The uninsured motorist when purchasing auto license tags will pay an additional \$15. Stiff criminal penalties are provided for violation.

The money collected will be sent by the division of motor vehicles to the state treasurer. Insurers must give notice of cancellation or failure to renew to the division of motor vehicles. The expenses of the motor vehicle division will be paid out of collected sums. The remaining amount will be prorated to insurers on a per insured car basis. For example, if company A insures 10,000 vehicles in Virginia, and assuming \$5 was determined to be the proper rate, company A would receive \$50,000. Any excess will go into the state's general fund.

The PDL coverage under UM has a \$200 deductible.

The uninsured motorists fund will be under supervision and control of the state corporation commission. The commission each year will first make distribution from the fund among several insurers writing auto liability in proportion to the premium income for the basic limits coverage of each insurer.

The commission each year will first determine the proper rate to be charged by such companies for the UM provision without regard to the funds to be distributed.

The commission then will reduce the rate provided for the cover in proportion to the funds to be distributed. Insurers will be reimbursed from the fund if they maintain records satisfactory to the commission such as will disclose loss experience under the cover.

Robert C. McKay, assistant manager of Eastern Underwriters Assn., discussed effective salesmanship at the April 21 luncheon of Mariners Club of Massachusetts in Boston.

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Editorial Comment

Take More, Put Less, In One Easy Lesson

With everyone's attention directed to outer space, where Explorers and Sputniks go beeping about in their orbits, people are missing some equally awesome developments right here on earth.

Recently, a spokesman for the south Florida chapter of National Assn. of Compensation Claimants Attorneys told the *Miami News* that his organization feels the insurance companies are using high jury verdicts as "an excuse" to get auto rate increases and make bigger (sic) profits. NACCA, whose critics hold the methods it advocates as responsible as any other factor for high rates through its zeal in getting high verdicts, is asking legislators to help investigate the recent rate rises in Florida. The chapter is sending a committee to inspect the filings in the

commissioner's office. Later it plans to hire independent auditors to review the findings—all in the public interest.

Perhaps this will result in the discovery of a way to let the public have its cake and eat it too, although no one has ever achieved that goal in any area of human endeavor. On the other hand, there never has been any difficulty in finding new and better ways to kill the goose that lays the golden egg.

It's all most incongruous and confusing. Maybe the next logical development will be a public protest by garage owners against manufacturers who design automobiles in such a way that the hapless repairman is forced to accept fabulous fees for fixing what was once a fender and is now almost one quarter of a car.—John N. Cosgrove.

Deaths

FRANK J. O'NEILL, 82, former president of Royal Indemnity, died at his home in Hamilton, N. Y. After practicing law in Syracuse, he joined the company in 1915 as general counsel. He was named vice-president in 1918 and president in 1927. An all around athlete at Williams, "Buck" O'Neill captained the football team and coached there. Later he was coach at Syracuse, Colgate and Columbia, and in 1953 he was elected to the Football Hall of Fame. He was active in organizing the forerunner of Assn. of Casualty & Surety Companies and was an early student of financial responsibility laws.

WILLIAM H. FLINT, 59, former Michigan deputy commissioner and more recently operator of an agency near Perry, Mich., died at his home of a heart ailment. Before going with the department, Mr. Flint was a field man for Michigan Employers, Wolverine and American States. He was with the department from 1949 until 1954, and was in the agency business from 1956 on.

L. D. HUDSON, 70, who retired in 1951 as head of the Hudson agency of Lansing, died of a heart attack at Franklin, N. C., while returning from a vacation in Lakeland, Fla.

EUGENE S. WAGGAMAN SR., 68, retired regional manager of Royal for Louisiana, Mississippi and Arkansas, died in the hospital at New Orleans after a long illness.

WILLIAM H. CARSTARPHEN, 54, agent at Williamston, N. C., died of a heart attack.

WALTER D. WILLIAMS, 87, retired president of Security of New Haven, died March 22 at Rockford, Ill. He was a past president of Western Underwriters Assn. and was a director of Underwriters Adjusting and Underwriters Laboratories. Mr. Williams' insurance career began in 1890 in the local agency of Mendenhall & Hoops of Duluth. Later he was special agent

of Fireman's Fund in Minnesota and South Dakota, and in 1896 went in the northwest field for the old Spring Garden of Philadelphia, becoming vice-president in 1904. He joined Security in 1910 as western manager at Rockford. When Victor Roth, the president, became incapacitated, Mr. Williams had to undertake the job of president in addition to the duties of the western department, and commuted each week between New Haven and Rockford. The strain of traveling from Rockford to Chicago, from Chicago to New York, and from New York to New Haven, and return, each week, proved too much and he gave up the presidency in 1938 and was succeeded by Peter J. Berry. He continued for some time as western manager and a director.

DEWEY H. FERRELL SR., 58, Missouri state agent of Scottish Union, died of a heart attack on a business trip. He had been with the company for 30 years, mostly in Missouri. He succeeded the late John W. Herd as state agent in 1949. Mr. Ferrell began in insurance with American Central of St. Louis and later was with Missouri Inspection Bureau. A son, Dewey H. Ferrell Jr., is with a St. Louis agency.

WILLIAM L. TREADWAY, 67, retired manager of the service office of North America at Atlanta, died in the hospital there.

JAMES McC. GILLET, 71, retired vice-president of Maryland Casualty, died at Baltimore. He began as a file clerk. He was made vice-president in charge of compensation and liability in 1939.

MRS. ELLA SWEAZEA, 76, wife of the retired Chicago manager of North British, died at Peralta Hospital, Oakland, Cal. William F. Sweazea resides at Walnut Creek, Cal.

GEORGE W. STEINKAMP, retired president of Steinkamp-Hunting Realty Co. agency of St. Louis died at the age of 73. He was most loyal gander of the St. Louis Pond in 1927-28. His

insurance career began with American Central, for which company he helped adjust losses arising from the San Francisco earthquake and fire in 1906, working under the late Harry Fargo, general adjuster. About 50 years ago he went into the agency that had been established by his father, the late B. F. W. Steinkamp.

S. DONALD BUTTERS, 68, local agent at Des Moines, died of a heart attack. He had operated his business for more than 30 years.

EDWARD I. TAYLOR, 76, retired vice-president of Aetna Fire, died at his home in Farmington, Conn. He began his career with Maryland Casualty in the legal department in 1911 and went with Aetna in 1926. On his retirement in 1951 he specialized in insurance law practice with Taylor & Tribou, Hartford.

RICHARD A. E. HERBOLD, 61, president of Herbold & Co., New York City brokerage firm, died at his winter home in Fort Lauderdale.

HAROLD J. BERGREN, 72, formerly vice-president of Northwestern Mutual, died of a heart attack. He had been with the company for 40 years. In 1951 he formed his own insurance agency.

New Handbook Of Missouri Is Published

A new *Underwriters Handbook of Missouri* has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, group and other organizations affiliated with insurance through out the state. Copies may be obtained from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2. Price \$12.50 each.

Provident of New York, has been elected to membership in Surety Assn. of America.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, April 22, 1958

	Bid	Asked
Aetna Casualty	137	142
Aetna Fire	60%	62½
Aetna Life	179	183
Agricultural	25%	26%
American Equitable	33	34½
American Motorists	10%	11%
American Surety	16	17
Boston	31	32
Camden Fire	29%	30%
Continental Casualty	80	81½
Crum & Forster com.	55	57
Federal	42½	43½
Fireman's Fund	51	52½
General Reinsurance	52	54
Glens Falls	29	30
Globe & Republic	16	17
Great American Fire	53½	54½
Hartford Fire	155	158
Hanover Fire	36%	37%
Home (N. Y.)	41	42
Ins. Co. of No. America	101½	103½
Ohio Casualty	33½	34½
Mass. Bonding	34	35
National Fire	81	85
National Union	35	36
New Amsterdam Cas.	43%	44%
New Hampshire	39½	41½
North River	33%	34%
Ohio Casualty	21	22½
Prov. Wash.	16%	17½
Phoenix Conn.	65%	66½
Reinsurance Corp. of N. Y.	13%	14%
Reliance	38%	39½
St. Paul F. & M.	44%	45½
Springfield F. & M.	45%	46½
Standard Accident	44%	45½
Travelers	76	77
U.S.F. & G.	58½	59½
U. S. Fire	24	25

The NATIONAL UNDERWRITER



The National
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Fire and Casualty Insurance

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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. WAbash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wieghaus and William D. O'Connell, Resident Managers.

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CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS.—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA.—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

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Cincinnati A&H Assn. Elects Dudley Martin

Cincinnati Assn. of A&H Underwriters at its April meeting elected Dudley A. Martin, manager weekly premium department of Inter-Ocean, as president succeeding Louis Purdy, Massachusetts Protective and Paul Revere. Herman C. Harrison of Harrison & Lawrence agency, is vice-president; Geni Ranshaw, Inter-Ocean, is secretary; and Mary Bulthaupt, Secured agency, is treasurer. On the executive committee are Louis Purdy, chairman, and T. Chester Clinkenbeard Jr., William R. Dignan, Glenn Isgrig, R. W. Bickelhaupt, William B. Borgel, Richard H. Ormond, Max Abrams, W. A. Brown, and Arthur J. Wade.

Roy W. Helms, Travelers manager in Cincinnati, the speaker, discussed "Something Old, Nothing New" in reviewing accident statistics as "reasons why" for accident insurance. He laid stress on the selling value of claim checks, especially in neighborhoods of claimants.

Grant Greater Power To N. J. Commissioner

The authority of the New Jersey commissioner of banking and insurance has been increased by four bills signed by the governor.

The commissioner now has power to take over domestic companies which refuse to remove a dishonest official, to revoke a foreign insurer's license for the same reasons a domestic company's can be revoked, to refuse to issue or renew the license of foreign insurers when in the state's best interest, and to require domestic companies to have regular internal audits. The bills grew out of an investigation of the department last year.

DC-7 Crash Hull Value About \$1.8 Million

The hull of the United Airlines DC-7 which collided with an air force jet near Las Vegas was valued at \$1,800,000 and was insured in the London market. Liability on the plan which crashed with 42 passengers and five crew deaths was carried by U. S. Aviation Underwriters. Two jet pilots were also killed.

Hartford Accident Names Two To Mich. And Kansas

Hartford Accident has appointed Jack W. Schreiber at Grand Rapids and Edward G. Sullivan at Topeka as special agents.

Mr. Schreiber is public relations chairman of the Grand Rapids Casualty & Surety Assn. Mr. Sullivan joined the company as an underwriter at Kansas City in 1957.

Carthage, (Mo.) Insurance Agents Assn. recently changed its name to Independent Insurance Agents Assn. of Carthage.

Utah Auto Rate Case Back To Commissioner

Judge Faux of Utah's third district court has ruled that the order of the commissioner disapproving automobile liability rate increases was not a rejection of the filing as excessive but was really a request for additional supporting information. He remanded the commissioner with the indication the latter is to get more data.

The filing of National Bureau of Casualty Underwriters and National Automobile Underwriters Assn. last January was turned down on the ground that increases were not justified by any proof of underwriting results since the last increase in January, 1957. The bureaus held it was impossible to show 1957 results so soon. Later efforts to obtain a stay in the order pending the court hearing were unsuccessful.

San Antonio A&H Assn. Hears Wallace

San Antonio Assn. of A&H Underwriters held its ladies night recently, with Travis T. Wallace, president Great American Reserve, as speaker. He was presented to the group of approximately 100 by S. E. McCreless, president American Hospital & Life, who paid tribute to the services Mr. Wallace has given in the A&H field.

Mr. Wallace stated that in the 40s insurance as a private enterprise met a challenge and while it had 19 million insured in 1942 for A&H, by 1957 this number had reached 123 million mark.

Mr. Wallace emphasized that not only are more people insured by the companies writing A&H, but that the protection provided has been improved in quality. Also, in the early period of A&H benefits were allocated, but at present, there is no allocation of amounts provided.

He said health insurance companies are now paying 70% to 80% of the hospitalization costs to insureds, mentioning that there are now 700 companies writing A&H and 400 writing group health. As to claim settlement, he said it is now more liberalized and not more than one policy in one thousand is cancelled.

With all the progress made by private insurance companies there must be no let down, however, in efforts to provide coverage for all who need it, he emphasized. He also stressed the need for continued improvement in coverage offered and service for those groups not now served.

Mr. Wallace divided groups which he said endanger private insurance business into two classes—the group led by some of the labor leaders who advocate socialization of A&H and those who are opposed to socialization of hospitalization and medicine, but through their own blind policies endanger free enterprise.

Smith Promises More Pa. Rate Change Hearings

Commissioner Smith has agreed to the City of Philadelphia's request for public hearings if auto insurers file to increase rates, according to City Solicitor Berger.

The city asked for the hearings when it was learned that insurers planned to ask rate increases.

Mr. Smith wrote Mr. Berger that no filing has yet been received and that he "will not prejudice any filing until it is actually made." But he agreed that recent public hearings on proposed fire and Blue Cross rate increases "are ample precedent for conducting public hearings on any filing requesting an increase in automobile premiums."

Lawton Named V-P By Home To Handle Life

Home has elected G. Albert Lawton vice-president and secretary in charge of the life interests of the company.

He entered the life business in Cleveland with Aetna Life and in 1944 went to the head office. In 1946 he was named to the executive staff. In 1954 he became director of agencies in charge of national sales promotion.

Mr. Lawton joined Security Connecticut Life as executive vice-president in 1955 and was elected vice-president of its affiliates, Security and Connecticut Indemnity. In 1957 he was elected president of the three companies.

More recently he was president of Bankers Security Life.

Bill To Halt Fictitious Group Writing Dies In N. Y.

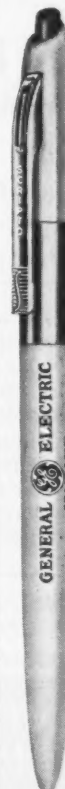
The New York State Assn. of Insurance Agents has reported to members that its bill to outlaw fictitious group insurance in fire and casualty passed the assembly and was reported out of the senate insurance committee but died in the senate in the closing days of the legislature. The association stated that increase in fictitious group writing is the greatest present threat to the agency system, and that while the insurance department objected to the bill, it did so apparently on the grounds of technical wording.

Edward P. Stuhr, first vice-president and director of research of the Fiduciary Trust Co. of New York, has been elected a director and appointed a member of the finance committee of North River and Westchester Fire of Crum & Forster group.



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December 31, 1957

ASSETS

Bonds	\$10,908,283
Stocks	1,692,542
Cash in Banks and Offices	1,581,461
Agents' Balances	1,045,825
F.H.A. Mortgages	9,455
Home Office	547,195
Accrued Interest and Other Funds	1,242,868
Total Admitted Assets	\$17,027,629

RESERVES AND SURPLUS

Claim Reserve	\$ 5,466,417
Unearned Premiums	6,816,584
Commissions	83,030
Tax Reserves	390,297
Miscellaneous Reserves	719,587
Contingency Reserve	\$ 751,714
Capital	1,300,000
Surplus	1,500,000
Surplus to Policyholders	3,551,714
Total Liabilities	\$17,027,629

ANCHOR CASUALTY COMPANY • SAINT PAUL, MINNESOTA
QUEEN CITY INSURANCE COMPANY • SIOUX FALLS, S. D.

Dorsett Defends Auto Insurers Against Cries Of Too High Rates

SAN FRANCISCO—J. Dewey Dorsett, general manager of Assn. of Casualty and Surety Companies, served notice here today on motor vehicle owners and state insurance regulatory authorities that rates for automobile liability insurance will continue to rise as long as (1) traffic accidents, (2) general economic inflation, (3) jury verdicts and (4) taxes continue to soar.

In an address at the Seventh Annual San Francisco Insurance Day luncheon, commemorating the 52nd anniversary of the 1906 San Francisco Fire, Mr. Dorsett defended insurance companies against charges that automobile rates are "too high" and reminded the public that the four conditions primarily responsible for rising rates are beyond control of the industry.

Declaring that 99% of the cure for "high insurance rates" rests in the hands of the people and "their public officials," Mr. Dorsett asserted that the place to begin bringing about lower rates is in traffic accidents. "The base of the automobile insurance rate problem is the shocking and unnecessary traffic accident record," he said.

"If state authorities would modernize and impartially enforce sound traffic laws, if they would have their legislatures enact adequate driver licensing laws and take the driving privilege away from those who can not keep out of accidents, and if the courts would fit the punishment properly to the crime, traffic accidents would be cut in half within a year. Making and enforcing laws, however, is the job of government, not of the insurance companies," he declared.

Criticizes Inadequate Information

Mr. Dorsett also sharply criticized the inadequate information the public is receiving about the true breadth of the traffic accident problem. The public hears mostly about deaths, he said, of which there were only 40,000 in 1956, whereas during the same year 1,400,000 persons were injured, there were more than 11,000,000 property damage accidents, and economic losses exceeded \$7 billion. Insurance companies, he pointed out, must pay claims on all kinds of accidents, not merely those resulting in fatalities.

He also cited figures for the 10-year period 1947-1956, the latest for which complete statistics are available, showing that in six of those years the companies suffered heavy underwriting losses and that their over-all loss for the period was \$230,967,000.

Companies Not Alone At Fault

As proof that the companies are not alone at fault for rising rates, he divided the average 1956 automobile liability premium dollar into its component parts, which disclosed that 72.7% was paid out for claims and claims adjustment, 26.7% for production expenses, 5.9% for general expenses and 3.1% for taxes, licenses and fees, leaving a net loss from underwriting, before Federal taxes, of 8.4%.

Mr. Dorsett declared that the average country-wide increase in automobile liability insurance rates has lagged far behind the rises in other costs. He showed that from 1953 to 1957 auto repair costs soared 19%,

Account Selling And Periodic Promotion Win For Producer

A combination of account selling and the periodic promotion of certain forms of insurance was advocated by Lucien L. Bourbeau of Hampden, Mass., at the graduation dinner concluding the 168th session of Aetna Casualty's sales course at Hartford. Mr. Bourbeau, who has doubled his volume of business since completing the school two years ago, told the graduates that accident insurance had proved most effective as a lead-in to writing insurance on an account basis, using the company's Planrite method.

Stressing the importance of premium collections, he said his experience has shown that the clients who pay the promptest usually are also the best insurance risks. As a means of adding new clients, Mr. Bourbeau periodically conducts special promotions lasting about a month with individual coverages, such as burglary protection.

The class was led by Henry F. Hammer of Springfield, Mass. Other blue ribbon winners for high scholastic standing were Edward J. Egan of Minneapolis and Charles V. Driskill of Hurst, Tex. Gold ribbons for demonstrating outstanding soliciting techniques went to William F. Bowermaster of Downey, Cal., Mr. Hammer, Gordon N. Helland of Austin, Minn., and Ray H. Doyle of St. Petersburg, Fla.

medical care 17%, physicians' fees 16% and hospital rates 33%. Against these costs he compared the average country-wide rise of only 9.3% for auto liability insurance.

Turning to the contribution of high jury verdicts to rising insurance rates, he said that in New York state, for instance, jury awards have risen 221%. While conceding that juries should take the rise in the cost of living into consideration in determining damages, he pointed out that during the same period jury verdicts were thus soaring, the consumer index of living costs rose only 94%.

Mr. Dorsett suggested that the public interest demands solvent companies as much as it deserves fair rates. The law establishing the authority of the states to regulate insurance rates, he said, clearly provides that they shall not be "excessive, inadequate or unduly discriminatory." Abundant statistical evidence was filed, he declared, to show that rates in the communities where increases were requested were definitely inadequate.

"I suggest that the time has long since arrived when we should practice a 'decent boldness' in answering damaging inaccuracies, regardless of who the authors may be. We owe this not only to ourselves but equally to the public we serve, to the end that this great industry shall remain sound, solvent and a bulwark of the whole free enterprise system," he asserted.

Mr. Dorsett also reminded critical state officials that a substantial part of the average insurance dollar consists of taxes the insurance companies must pay. He listed 24 different taxes, fees and contributions to various state funds that the insurance companies are required to pay in some of the states where automobile liability rates are the highest, and then added: "All of these taxes, fees, payments and contributions must find their way into the rate structure. Thus the dollars and cents come out of the public's pocket."

Direct Writers Have Wide Sales Lead: Stellwagen

(CONTINUED FROM PAGE 2)

think it can fairly be said that today the average stock company agent has become so enmeshed in details and so occupied with matters of administration in his office, that the time available to him for the solicitation of business is gradually reaching the vanishing point. How many hours a week do you think are available to the average stock company agent for solicitation? Five hours, ten hours? The salesmen of our specialty company competitors devote at least 40 hours a week to solicitation. Certainly, the stock company agent with his broader knowledge of coverage and insurance needs can give better service to his client, but can he keep pace in the production of business with four men or eight men, particularly in the area of the simpler lines like automobile insurance?"

He said that many agents contend it is not profitable to devote much time to the solicitation of accounts with premiums under \$200 and that some of the larger agents are reconciled to the loss of such business because of relatively high handling costs.

"It wasn't too long ago," he continued, "that our commercial banks tried to eliminate accounts of \$300 and under because of the expense of handling them. Today we find those same banks advertising for such accounts. They have found a way to handle them and we, too, must find a way to handle our small business. Indeed, stock insurance cannot and, I feel sure, will not stand aside and let this business go by default."

Some Steps Have Been Taken

Mr. Stellwagen said some steps have been taken to solve this problem, such as development of packages like homeowners which build up a premium yielding a fair return to the agent and reduce the burden of solicitation.

"Another step, which I feel sure will become general," he asserted, "is the monthly budgeting of premiums. Through a system of monthly payments, the policyholder should be enabled to purchase the insurance which he needs on terms which he can afford. Furthermore, the integration of premium payments affords the agent an opportunity to present an

integrated and comprehensive insurance program and avoids the uneconomic cost of billing small individual premiums.

"But we cannot stop there," he continued. "I suggest that we give objective consideration to a reallocation of function as between company and agent for the purpose of eliminating the costly duplication which characterizes our current procedure. We should base such consideration on the fact that the agent is the expert on selling and service; that is his primary function and he should concentrate upon it. On the other hand, the company, equipped with modern electronic machines, can best function in the area of billing and accounting. Is it not reasonable, therefore, to suggest that those functions which impede selling and servicing be shifted to the company? If this were done, it would seem to follow that the agent would gain greater freedom for the solicitation of business and, at the same time, reduce his overhead."

Has Decentralized

Mr. Stellwagen observed that industry generally has passed from centralization to decentralization in manufacturing, warehousing, and sales, although there has been a reversal to centralization in accounting and statistical functions because of high speed electronic data processing machinery.

"Our present system involves certain extravagances which our competitors forego," he observed. "For example, the statement of the average stock company will show that premiums in course of collection at all times represent approximately 20% of annual premium income. Obviously, such premiums yield no investment return. Policies which are returned not taken constitute an important item of expense. These are examples of extravagances which we can ill-afford in competing with companies which have been successful in eliminating them. I do not wish to be understood as making final and precise recommendations at this time to resolve the problems rising from this line of inquiry. Certain practical difficulties are involved and they must be overcome. Nonetheless, it would appear

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And the story of DeMara & Son's success with the General is not unique. With ever increasing frequency, agents throughout Canada and the United States are echoing DeMara's feelings about General, "they're always firstest with the mostest."

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that the time has come to make a definite start in the revision of our merchandising methods."

Mr. Stellwagen observed it would be unrealistic to avoid the subject of commissions and said: "It is a matter of record that in three states, extraordinary rate increases, either statewide or related to a particularly hazardous classification, have been tempered by a reduction in the overhead allowance for acquisition cost. I should explain that the term 'acquisition cost' includes not only producer's

commissions but all company expenses involved in the acquisition of business, such as the cost of special agents, service offices, advertising, policywriting, premium collections, and related matters. A reduction in total acquisition cost, therefore, affects both company and producer.

"The argument for a reduction in the traditional acquisition cost allowance contained in the rate-making formula has particular cogency in two situations. The first involves certain classifications which are undesirable

from an underwriting point of view and which develop a continuing loss. The second involves the general situation where rate levels, already high, must be increased still further because of bad experience. The question then arises whether under such circumstances the dollars for acquiring the business should be increased proportionally with the increase in the gross premium. For example, if risks with an average premium of \$200 yielding \$50 for acquisition cost, develop losses requiring a 50% increase to the under-

New Handbook Published For Georgia And Alabama

A new Underwriters Handbook of Georgia and Alabama has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new Georgia and Alabama handbook may be obtained from the National Underwriter Co., at 420 East Fourth street, Cincinnati 2, Ohio. Price \$12.50 each.

writer should the new rates be predicated on the same overhead percentage for acquisition cost and so yield \$75 for acquiring the business? Or should the percentage allowance for acquisition cost be reduced so as to maintain approximately the original acquisition cost dollars and thereby permit the quotation of a lower rate to the policyholder?"

Two considerations bear on the answers to these questions, he said. "First, ever-increasing rates coupled with constant acquisition cost percentage loadings widen the price gap between the stock companies and their competitors. Second, in certain areas we may price ourselves out of the market and leave the field to our competitors who do business at low overhead. Indeed, that situation is already dangerously close. It seems to me that we should only be putting our heads in the sand if we eliminate from our consideration the correlation between acquisition cost and constantly rising rate levels."

Low Overhead Is Vital

Mr. Stellwagen reiterated that low overhead is vital to success in the writing of personal insurance for the mass market, and it is therefore necessary that stock companies and agents reorganize production activity to provide the maximum time for pure solicitation while eliminating all possible clerical expense in the handling of the business. This observation was made in connection with the development of personal insurance, whether by a special department or by special solicitors in a given agency.

"Our competitors have taken the play away from us in writing automobile insurance for the individual. They threaten us with like success with fire, A&S, and life insurance. Personal insurance has been called bread and butter business. The name is apt. If we would continue to enjoy our bread and butter with an occasional bit of jam on top, we must be realists—not theorists. For, it is a condition which confronts us—not a theory," Mr. Stellwagen concluded.

American Marine Syndicate Names Officers, Chairmen

American Marine Insurance Syndicate for the insurance of builder's risks has elected Clifford G. Cornwell chairman and manager; Miles F. York, Atlantic Mutual, vice-chairman; Homer F. Weyant, executive assistant and treasurer; S. Donald Livingston, underwriter and secretary, and Samuel Gore, claims manager.

Committee chairmen elected are Walter R. Gherardi, Federal, special rating and inspection; Frank B. Zeller, Queen, finance and membership; Robert R. Dwelly, North America, policy; Henry W. Farnum, North America, financial statements, and John T. Byrne, Universal, laws and department administration.

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If you're an agent, or general agent, who wants in on the big money in the accident and health field—here are two ways to get it:

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Complete with sales tools, it's a salable package to practically every small business listed in your classified directory—one you can sell in your between-appointment hours.

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Tenn. Mutual Agents Discuss UM Problem

(CONTINUED FROM PAGE 8)

time, the association will have an executive secretary, Mrs. Sammie Lang, Tullahoma. Mrs. Lang is associated with the agency of C. R. Lewis, long a wheelhorse in both the Tennessee association and National Assn. of Mutual Insurance Agents.

The two day meeting drew crowded sessions and ended with dinner and dancing at Hillwood Country Club. An unusual feature was the appearance at the opening session of H. E. Goranson, Nashville, assistant manager Tennessee Inspection Bureau, who went through the procedure and the information developed in filling out a rate makeup blank. What might have been a dreary session turned out to be extremely interesting and practical, thanks to Mr. Goranson's handling of the subject, and several interesting questions and suggestions came out of the discussion period. Commissioner Northington appeared at the same session.

Discusses Role Of Agent

Andrew Robertson, Atlanta, executive vice-president Crawford & Co., discussed the role of the agent and the adjuster in insurance. He said that the insurance business as a whole has fallen down badly in the important task of training adjusters. At a time when the business, particularly on the casualty side, is growing by leaps and bounds, the people charged with responsibility for dealing with the public on adjustments are not even replacing the normal loss of manpower in this field. There is too much stealing of adjusters from one organization to another, whether the organization be a bureau, an insurance company or an independent adjusting firm. Mr. Robertson said his organization realizes the problem and is trying to do its part in a real training program. He urged agents to remember that sometimes an insurance company may feel it should pay a disputed claim for business reasons, but that this is the responsibility of the company and of no one else—that they should never expect an adjuster to do anything but secure the fact and report them to the interested company.

Claude Coates, Fort Worth, president NAMIA, after amusing his audience with Texas jokes—sometimes not in favor of the Texan—outlined the National association program and services. R. P. Palmer, Chicago, secretary Lumbermen's Mutual Casualty, talked on agency advertising at the same session.

Asks Check On Insurer Of Savings Accounts

WASHINGTON—Sen. Beall of Maryland has issued a statement asking Congressional investigation of activities of Family Savings Assn. of Maryland which offered to pay 4½% on savings insured commercially in American Savings & Loan Indemnity. The matter has been brought to attention of Superintendent Jordan.

The charge is made that 1% is paid for the insurance. The insurer is said to be chartered in Panama and have offices in London and Toronto. Officials say it is licensed in the U. S. only in Delaware. Commercial insurance of savings accounts is very rare. Sen. Beall charges that the mails are used fraudulently in connection with this case.

A&S Premiums Increase \$3.7 Billion In 1957

(CONTINUED FROM PAGE 1)

and other medical-surgical organizations had an earned subscription or premium income of \$629,902,000, and expense payments of \$557,654,425.

Group premiums in 1957 were \$2,285,975,000, or 61.8% of the \$3.7 billion written by private insurers. This was a gain of 15.2%, or \$301 million, over the \$1.98 billion for 1956. Claims incurred in 1957 were \$1,980,500,000, up 20.6%, or \$339 million, over the \$1.64 billion for 1956. The ratio of claims to premiums was 86.7% in 1957, 82.7% in 1956.

Net premiums in individual business were \$1,413,306,000 in 1957, up 11.2% over the \$1.27 billion for 1956. Claims in 1957 were \$688,397,000, or 11.9% more than the 1956 total of \$615 million. The 1957 claim ratio was 48.7%. Non-cancellable premiums increased 17.7% during the year.

The Survey Number contains special feature articles by J. Henry Smith, president Health Insurance Assn. of America; Earle R. Bennett, president International Assn. of A&H Underwriters; L. A. McKinnon, Flint, Mich., "A&H Man of the Year" for 1957; Francis T. Curran of Loyalty group; and Fred T. McCann, superintendent of substandard Continental Casualty. There are also 34 sales articles by leading producers in the business, a report on the Survey Number's special survey among companies of today's trends, and other timely material.

Cravey Chairman Of New Ga. Recodification Group

Commissioner Cravey has been elected chairman of Georgia's new recodification committee created by the general assembly to bring insurance laws up to date.

Mr. Cravey said he will recommend three particular projects: Creation of an advisory board on insurance rate increases; removal of workmen's compensation control from the commissioner's hands unless he is given a say in administration of the law, and a law requiring public hearings before rate increases are granted.

The committee consists of five state representatives, three senators, five insurance representatives, the attorney general and Mr. Cravey.



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O'Connell Says Voice Of Agent Is Not Heard

(CONTINUED FROM PAGE 2)

some of us are overpaid for the work we do. But nowhere in America is there a single, solitary agent, good, bad or indifferent, who does not serve by reason of an appointment. Somewhere, sometime every agent was created or perpetuated by the stroke of a company pen."

Mr. O'Connell emphasized that the

agent has no greater power than his principal, no authority of his own, and is simply a reflection of the company he represents.

"Our companies are, almost without exception, facing heavy underwriting losses," he continued. "The details of these losses are not known to agents and this is just as well. I do not

consider a producing agent to be an underwriter, except in the most basic concept. He is a salesman, a producer of business. For him to be a true underwriter would be a perversion of nature, since he has a direct financial interest in the outcome of any case he is called upon to judge.

"The science of underwriting can be properly applied only when undertaken in a cool, clinical, impartial atmosphere, free from the distraction of any human element or any degree of sympathy or persuasion. The agent is

not an underwriter and no amount of soft soap or self adulation will make him so. As an agent he is charged only with the honest observance of company regulations and with the honest presentation of such facts as will permit the risk to be properly judged by an underwriter whose prejudice, if any, leans in the direction of his employer. If a company fails to insist upon this method of operation, responsibility for underwriting loss cannot be attributed to agency sources."

Mr. O'Connell observed that the matter of commissions was on the agenda and said that for 50 years, in thousands of meetings, that word was taboo because commissions were regarded as a right of private contract, not to be discussed by one agent on behalf of another.

Cause For Adjournment

"I have attended meetings of highly important, influential people where the first order of business was a stern warning that a single mention of the term would be cause for adjournment," he stated. "From a legalistic standpoint the matter of commissions as a right of private contract is without argument. But while the agents have never been able to achieve any sort of united front as to the matter of adequate compensation, many companies have apparently done so and the agent is now in a position of accepting company 'decree' with no voice in the matter; no opportunity of discussion, no chance to determine if there are other solutions, no period of preparation, no right of appeal.

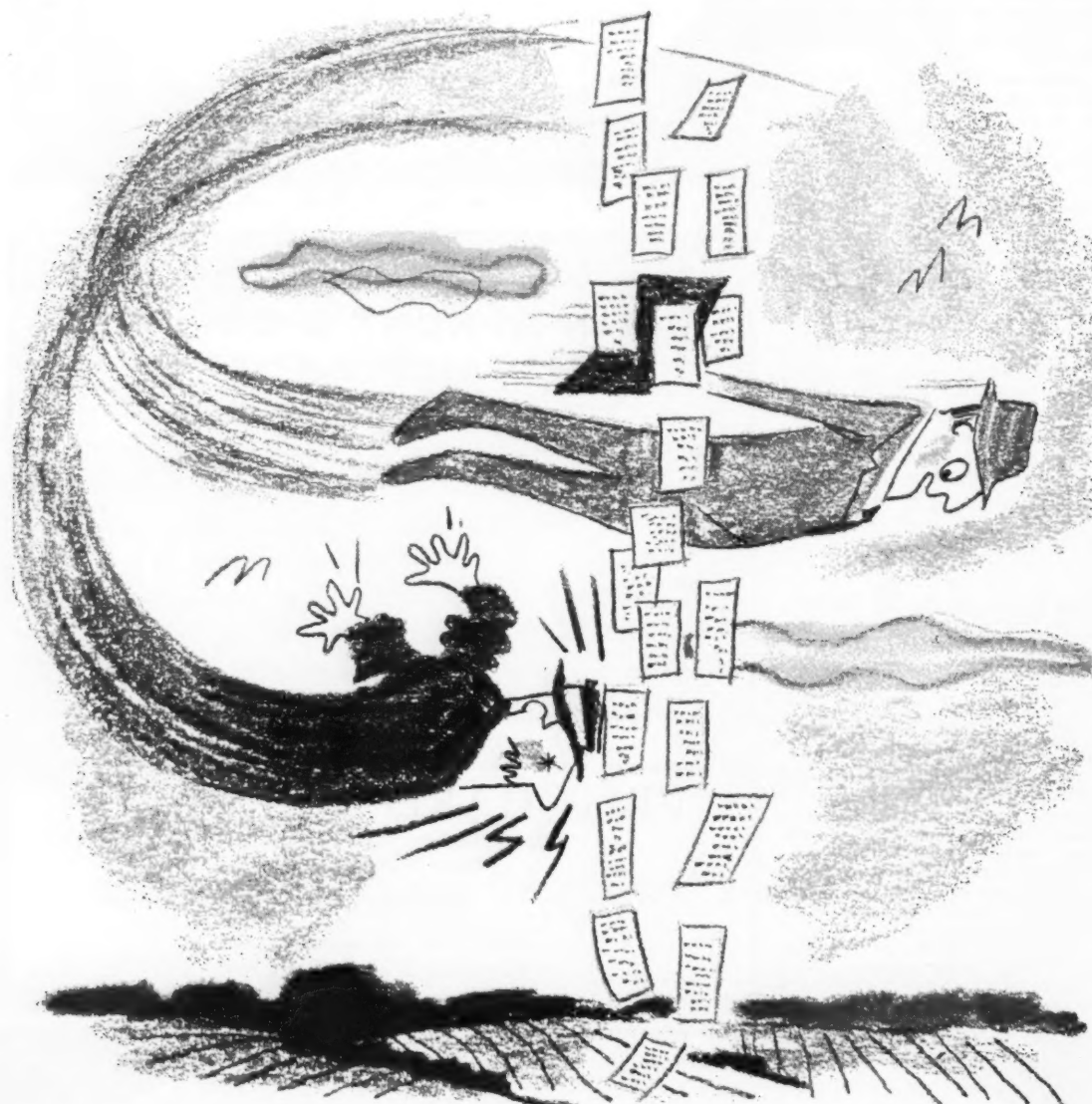
"I do not hold that commissions should or should not be changed," he said. "Most of us feel that if these cuts end with 'under age' drivers, we will not be too deeply affected. But if this is the forerunner of future drastic alteration, many of us face sheer, stark terror, particularly those of us who work through producers, brokers or solicitors, and both the agents and the agency companies are in for trouble.

Are Not Completely Dogmatic

"As a general rule, agents are not completely dogmatic on the matter of commissions. Their opinions, though, have never been sought and, as far as I know, have never been explored by any company on a friendly, sympathetic, tolerant basis. Agents are people, not only part of a 'system,' and in most agency circles, resentment is mixed with bewilderment in the knowledge that among all of the brainy and brilliant and experienced executives our companies buy and pay for, the one and only, the single workable idea that any of these men have produced or promulgated as a solution to our problems is a reduction in agency income. Our distress is compounded by the fact that this 'remedy' was brought about as a matter of crisis, not to meet competition, not to aid the agent, but to serve as a partial remedy for the underwriting ailments of the companies," Mr. O'Connell asserted.

Has Been Wide Variation

"Actually, there has always been a wide variation of commission standards throughout this country," he claimed, "and in too many instances, the amount of commission has had too little relation to the services the agent actually performs. In some areas, and with some companies, the agent writes no policies, keeps no books, gives little service as he collects general agents' commissions, or, in some instances, a little more. In other areas, the agent is more likely to perform all of these functions at a rate of commission



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which hardly exceeds the acquisition cost of his direct writing competitors. One of the mistakes for which all of us must now pay and which we must now correct is the assumption that every laborer in the vineyard is entitled to the same rate of pay. Picking grapes may be one thing, but the sale and service of insurance policies is another."

Mr. O'Connell said there is rather general agreement that changes must be initiated and directed by insurance companies and not by agents, agents' associations, boards or conferences which can only object, advise or suggest when called upon to do so.

Little Cohesion Among Agents

"We may as well admit that there is little cohesion among agents in our dealings with our own companies," he said. "We consider ourselves to be management, not labor. We are individualists, and we shudder at the thought of our trade associations ever sitting at a bargaining table to decide our wages, hours and conditions of employment. Our company relationship is so personal, so sacred, so intimate that except in the most insignificant matters, we want no one else to speak in our behalf."

"Unfortunately, and this to me is a deep tragedy, the men who operate our companies, the men who control our future, the men with whom we must fail or survive, seem to ignore us and to avoid personal contact with us."

"It is regrettable that so much of the burden of this indifference must be laid at the doorsteps of those executives whose companies constitute National Bureau of Casualty Underwriters. It is more regrettable, because

these same companies have been for years and still are, for that matter, the principal custodians of the ethics, honor, knowledge and experience which distinguishes insurance from bookmaking. Their methods of operation, their excellent rules, forms, statistics and policies have been boldly appropriated by all and sundry, even when only to form the basis of successful deviation. Above all, the bureau companies have been solid as the rock of Gibraltar in their support of our American agency system and, accordingly, we have for them a deep and abiding affection, even though most of us for good and sufficient reasons also represent companies that are 'not of the cloth.'"

Error Lies In Their Insistence

The grievous error of the bureau companies lies in their past, present and probable future insistence that a bureau must function as a substitute for individual intellect in the art of meeting, analyzing, digesting and overcoming competition, even though it arises from sources far beyond bureau domain. The fact is, he said, the bureau can never be of marked value in meeting generalized competition, because it was created and it exists to achieve exactly the opposite effect. Bureau operation is designed, in a legal fashion, to secure the end result that all companies shall sell exactly the same scientific product at exactly the same scientific price. The bureau, by the articles of its creation, must remain a precise, non-corruptible organization, to which two and two must always add up to four, come hell, high water or unorthodox competition.

Unfortunately too, bureau influence reaches a far greater area than its own adherents, because of the many

subscribers and the many others who are just plain poachers whose own lack of facility allows them to depart from bureau guidance only far enough to whittle a rate or copy a form.

"The placing of this unwholesome and unwanted yoke on bureau shoulders has come about by the unwillingness of top company managers to assume the full responsibility for which they are paid; by their unwillingness to spend their own time and money in solving life and death problems which specifically affect their own

company and particularly their own agents and by their insistence on placing their survival and the fortunes of their agency sales force in the hands of 'technicians' who, though undoubtedly expert in the field of statistics, are not trained to recognize a reluctant, hard shelled prospect.

He said companies should require good reasons for agency representation, discontinue non-qualified agents, build points of superiority and, in the process, enlarge their bureaus into universal fact finding organizations.



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City _____ State _____

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NU

Tenn. Assn. Has Program For Agents

(CONTINUED FROM PAGE 1)

could first be imposed, then reduced as progress is made. This would eliminate much of the opposition and, at the same time, establish better habits. It is even possible that a 30-day rule with no exceptions would do the job. It would certainly eliminate much unnecessary work on the part of everyone if agents were forced to solicit

renewals and collect at least a down payment.

3. Agents should pay automobile accounts by check attached to the account current not more than 30 days after the close of the month. They should be able to do this if collection methods are tightened. The use of additional cash would be worth some-

thing to the companies.

4. The agent should perform all duties for which they are paid. For example, if he receives general agency commission, he should write all his policies and handle all solicitations without help of field men or company specialists.

5. There is even some consideration of direct billings, but the association thinks the weight of the opinion would be to have the agent send out the renewals and collect the premium. Initiate a minimum charge of \$10, not subject to short rate.

6. Under the family policy, all automobiles are covered as acquired regardless of whether a premium is charged. One reason for issuing a new policy every anniversary is said to be for purposes of surveying the risk to find if any other automobiles have been acquired. This is done in order to charge a premium. Of course, the agents are not doing this. The family automobile policy has gone too far in this respect. Coverage for additional acquired automobiles should be provided automatically for only 30 days unless the agent or company is notified.

Suggestions Apply To Agents

Most of these suggestions require reform only on the part of the agents and good agents are doing most of these things already according to the statements. The agents would rather continue to operate efficiently than to accept a reduced commission. It is unfair to ask all agents to take a reduction before making those not performing their duties do so.

"The costly services now offered to agents are not exactly the fault of the agents even though it is a pleasure to accept these favors from the companies. Actually, companies have bid for business in the past by offering to perform these services in branch offices, especially where their competitors were requiring the agent to serve himself. The companies could reduce branch offices to service offices only. Claims, engineering, audit and underwriting services are necessary and, if properly performed, save more than they cost," the Insurors continued.

Supplies Complaint Trivial

The Insurors said that much had been said about unnecessary supplies such as stationery, blotters, etc., but, they opined, this is trivial.

The Insurors admitted that it is a good question to ask how agents propose to accomplish these aims. "We know that most of these suggestions would be unpopular with many of our members but the very fact that companies have reduced commissions in other areas makes it possible for us to predict the utmost cooperation from our membership."

Newhouse & Hawley Writes War Risk A&S In Cuba

Through its accident and sickness department, Newhouse & Hawley of Chicago has arranged war risk insurance on the lives of executives located in Cuba. The coverage, in London Lloyds, has been arranged for American concerns with men in that area. A recent case covered five individuals and one corporation for \$100,000 each.

Mutual Agents Ask For More Liaison With Companies

About 800 attended the annual meeting of New York State Assn. of Mutual Agents in Syracuse. The group adopted several resolutions, most of them in the automobile field.

One resolution urges the companies to review all cost factors before reducing commissions. Another recommends that agents be more prompt in getting out FS-1 forms under compulsory. The association also wants the cooperation of insurers in being permitted to sign FS-1 as producers of record so that when insured changes cars the insurance record shifting under compulsory will not be so slow as to keep the motorist off the road. The agents also strongly condemned the provisional premium endorsement. Under this, if insurers win their suit to get an increase in auto liability rates, the increase can be collected back to March 1.

Language Termed Verbose

Another resolution asked for a more flexible and clearer homeowners. Agents say the policy is so written that insured has to read too much language before coming to the salient points. Also, agents think the \$1,000 coverage of contents while away from the premises is too little. The resolution urged companies to work with the agents on the suggested changes.

The association recommended that the company liaison committee that met with a similar committee of the agents last year be made permanent. The association also will set up a permanent liaison committee to meet with other producer groups.

Kroeger Elected President

C. R. Kroeger of Norwich was elected president and G. W. Milbrandt of Pelham executive vice-president. New functional vice-presidents are R. A. Augustine of Kingston, G. P. Tobler of Smithtown, T. A. Dorse of Mineola, C. V. Stafford of North Tonawanda, and John Rosenkrans of Seneca Falls.

J. Lewis Dumond of Cobleskill, secretary, and N. H. Dann of Endicott, treasurer, were reelected.

New directors are Nick Aversa of Auburn, John Carney of Utica, Neil Frank of Cheektowaga, Samuel Pepper of Kingston, and John Rissle of Schenectady.

N. C. Mutual Agents Set For Asheville In June

The program of the annual meeting of North Carolina Assn. of Mutual Insurance Agents at Grove Park Inn, Asheville, June 12-14 will feature Robert Taylor, president Mill Owners Mutual and former Oregon commissioner; Otto Lee, vice-president Harleysville Mutual; D. W. Evans, agency secretary Lumbermens Mutual; J. M. Muir, manager Mutual Insurance Rating Bureau, and W. A. Stringfellow, assistant manager National Assn. of Mutual Insurance Agents. Commissioners Gold of North Carolina and Kelly of South Carolina are also expected to appear.

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Opening for SPECIAL AGENT, preferably with Multiple Line experience in COLORADO. Please state age and general qualifications first letter. AMERICAN INDEMNITY COMPANY P. O. BOX 1259 GALVESTON, TEXAS

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Desires change, 13 years experience, multiple line adjusting, five years as claim manager, L.L.B. degree; admitted to practice law. Former F. B. I. Agent. Willing to relocate but prefer Midwest. Box A-15, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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A NEWLY DEVELOPED COMMISSION INCENTIVE PLAN. Providing substantially higher commission potential. Available to agents controlling good volume of top grade FIRE lines.

Write Box NY-1861, 125 W. 41st St., New York City, New York.

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if you can develop fidelity and surety business, with emphasis on contract bonds, and have a working knowledge of financial statements in the field of suretyship. We're 66 years old and growing fast in expanding (SAN DIEGO, CALIFORNIA). Abundance of leads provided—also liberal profit-sharing plan, plus life insurance and major medical benefits. Send your detailed qualifications, and a recent photograph, to JOHN BURNHAM & CO., P.O. Box 2910, San Diego 12, California.

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Excellent opportunity to grow with new Branch operation. Experience required principally in casualty. Age 25-35. Contact: Joseph W. Buentbach, Manager, General Accident Group, 310 W. Liberty Street, Louisville 2, Kentucky.

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Fire Company writing some Multiple Line coverages needs Special Agent for Pennsylvania. Must locate in or near Allentown, Pa. Salary open. Replies confidential. Write Box A-18, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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MAN FOR CASUALTY OR MULTIPLE LINES FIELD. Prefer Chicago metropolitan or northern Illinois. Experience: Underwriting 10 years, Field 6 years. Education: 3 years college. Married. Age 51. Good health and background. Address Box A-23, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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FOR EXPERIENCED CASUALTY SALES REPRESENTATIVE. Large nationally known mutual casualty company has desirable opening in midwest District Office for experienced casualty representative. Will train for advanced sales and management responsibilities. Salary open. Write in confidence to Box A-21, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ATTENTION WISCONSIN & MICHIGAN AGENTS!

Do you want to insure the longevity of your agency? I offer 21 years experience as an agent, company, and buyer. Age 38, married, C.P.C.U. and am interested in purchasing an interest in an agency. Address Box A-24, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

NOSKER EMPLOYMENT AGENCY

Insurance Specialists 34 Years California Positions Male—Female All Lines 610 So. Broadway Los Angeles 14

Regulations For Nuclear Reactor Cover Set Out

(CONTINUED FROM PAGE 2)

nuclear reactors with a rated capacity of 100,000 kilowatts or more are required to have and maintain the maximum amount of liability cover available from private sources—\$60 million. As for other licensed reactors, AEC may establish a lesser amount on the basis of criteria which it has set up. To determine the amounts required on reactors of less than the 100,000 kilowatt capacity, the commission is using the authorized power level expressed in thermal kilowatts, the length of the fuel cycle, and the population density within a reasonable sized area surrounding the reactor. AEC has also taken into consideration the cost and term of private insurance; the type, size and location of the licensed activity, and other factors pertaining to the hazard and the nature and purpose of the licensed activity.

Amounts Do Not Vary

Amounts of financial protection required by the commission do not vary with differences in type of reactors. Under AEC regulations, all licensed reactors must meet the commission's safety requirements. Though there may be differences in the relative safety of various reactor types, or between different reactors of the same type, there has been insufficient experience to furnish a basis for differentiating as to the relative safety of various reactors.

The base amount of financial protection is calculated by multiplying \$150 times the maximum power level authorized by the license. (The ratio of thermal power to electrical power is defined as 4 to 1. Thus a capacity of 400,000 thermal kilowatts would require \$60 million of private insurance or \$150 per kilowatt of thermal capacity.)

AEC believes that it is appropriate to require more financial protection for reactors which have large fission product inventories than those with smaller ones. The power level and the length of time which the fuel remains in a reactor furnish a reasonable measure of the relative fission product inventory in most reactors. Consequently the base amount of financial protection is multiplied by an appropriate fuel cycle factor. This factor is .75 for cycles of less than 30 days, 1 for cycles of from 30 to 180 days, and 1.25 for cycles exceeding 180 days. The fuel cycle is defined as the average time, expressed in days of equivalent fuel power operation, which the fuel is expected to remain in the reactor.

Determines Population Factor

The population factor is determined by a rather extended formula designed to indicate the varying density of hazard within a radius of 60 miles from a reactor producing maximum power down to a radius of 3 miles for a reactor operating at the minimum capacity of the reactor.

The AEC is requiring \$3 million minimum of private insurance in order to minimize the possibility of the government becoming involved under its indemnity obligation in situations involving relatively small claims, such as those which might be asserted by students or visitors for excessive exposure to the radiation. Based on available information as to the cost of private insurance, the AEC believes this minimum amount will not

impose an excessive economic burden on reactor licensees.

The amounts of the private coverage are determined in multiples of \$100,000.

AEC is requiring licensees that claim immunity from public liability to submit opinions of counsel concerning the basis of the immunity. Included in this group are six state universities—Oklahoma state, Texas A&M., North Carolina state college, University of Utah, Pennsylvania state university, and University of Michigan—and three federal agencies, U. S. Naval hospital at Bethesda, Md., U. S. Naval research laboratory and U. S. Naval postgraduate school in Monterey, Cal. North Carolina state college contends that it has a partial waiver of immunity under a North Carolina statute under the North Carolina tort claims act, for damages in excess of \$10,000 maximum. The federal agencies claim immunity except to the extent of the waiver of that immunity by the federal tort claims act.

With the exception of University of Michigan, the federal and state agencies advise that they have no authority to waive or modify their immunity from public liability. The regents of University of Michigan state they have authority to waive liability and purchase liability insurance and have already done so from NELIA.

Would Exclude Immunity

AEC has advised the University of Michigan that with respect to state agencies possessing authority to waive immunity and to purchase liability insurance, it is considering adoption of a requirement that such licensees waive their immunity and that the policies include an endorsement under which insurers bind themselves not to plead immunity of the agency as a defense under the policy. The insurance pools have indicated to the commission that they are prepared to include such an endorsement in any policy of nuclear energy liability insurance which they issue.

The federal agencies, Oklahoma state, Texas A&M., Utah, and North Carolina state, disclaim authority to purchase liability insurance.

Require Assumption Of Liability

Thus, AEC indicates, there seems to be required an assumption by federal and state governments of liability for nuclear incidents in connection with the licenses issued to federal and state agencies. AEC therefore is considering the need for possible legislation to waive federal immunity from tort liability in connection with the federal agency licensed by AEC. The committee on atomic energy law of National Assn. of Attorneys General and a subcommittee of the drafting committee of Council of State Governments have begun work on a model bill which might be recommended to the state to enable their agencies to comply with the requirements of the law.

AEC has adopted the policy of entering into agreement to extend the statutory indemnity to AEC contractors engaged in the operation of nuclear reactors, to AEC contractors engaged in operating production or utilization facilities such as a gaseous diffusion plant or chemical separation plant, and to AEC construction contractors whose work entails a risk of occurrence of a substantial nuclear

incident. AEC has also authorized extension of statutory indemnity to AEC contractors other than those here specified, who may engage in activities involving the risk of occurrence of a substantial nuclear incident.

The commission has agreed that AEC contractors with whom statutory indemnity agreements are executed will not be required to furnish financial protection in the form of insurance, except in those incidents where the work of the contractor is so commingled with his commercial work as a licensee as to include segregation of AEC work. In such a situation a portion of the cost of his financial protection may be paid by AEC. The commission has also agreed that no fee will be charged AEC contractors for a statutory indemnity agreement. Here, also, AEC is negotiating with

insurers to handle any claims which may arise under the statutory indemnity in its contract operations.

Benefit Period For N. Y. Disability Cover Extended

Gov. Harriman has signed the bill increasing from 20 to 26 weeks the period in which employees may draw non-occupational disability benefits under the New York statutory cover. The extension in time is effective June 1. Maximum benefits continue at \$45 a week.

North America Signs For TV

Dave Garroway's NBC show, "Today," will be the chief TV advertising vehicle for the third consecutive year for North America, which has renewed its contract.

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Since July 1, 1945, thousands of policies protecting many of the country's leading lawyers and law firms have been written by this Company. For claim and underwriting know-how based on more than a generation of experience, consult your local agent. Professional protection with New Amsterdam means a personal, private, confidential relationship.

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(DAY OR NIGHT)

SALT LAKE CITY
428 SOUTH MAIN
DAvis 2-2541

Insurance Stocks Rise Following Good November

(CONTINUED FROM PAGE 11)

ther elected or appointed, in the matter of rate increases. He said this was notably true in those states which have compulsory automobile insurance laws, such as New York. He noted the increases granted in 43 states in 1957, the further increases in 21 states in 1958, and said that this brings up an oft repeated question: "Are the rate increases already ob-

tained in various states sufficient to provide our industry with an underwriting profit in the automobile lines for the year 1958?"

Mr. Harper said the increases may produce a profit in individual states, but "in my opinion the most that can be said is that as a whole the rate increase obtained in 1957, and thus far in 1958, will tend only to reduce but

not to eliminate our over-all underwriting losses in the automobile field.

"No matter how thin we may cut our underwriting loss, it is still a loss, and no industry can do business forever on a loss basis."

Mr. Harper said there are three possibilities on which to base hope for an underwriting profit. These are: Additional rate increases, a slackening in the inflationary pressures which have raised costs all along the line, and the present economic recession which may curtail automobile driving to an ex-

tent which will reduce highway traffic accidents. He advised the investment men to appraise these possibilities for themselves.

The record shows, Mr. Harper continued, that the loss experience in the fire and allied lines began to turn sour in late 1955, worsened in 1956, and in 1957 produced results which can only be described as dismal. Obtaining adequate rate increases in the fire lines is also proving to be difficult, since the five year loss experience is traditionally used in figuring the rate base. Every effort is being made to obtain rate increases. Also, the premium discounts allowed for three and five year term policies have been reduced, and in two states the writing of policies for a term of more than three years has been prohibited.

He reviewed the investment operations of insurers and related them to underwriting in the over-all conduct of the business. "We cannot continue to conduct our business at a loss," he declared. "We must make more realistic provisions for keeping our rates more closely geared to losses. We must cut our expenses."

Radical Changes Take Place

"In the case of automobile and dwelling fire insurance, we are entangled with one of the most elementary truisms of merchandising which is this: That when any product or service makes the transition from a class market to a mass market, some radical changes take place. The first and most significant of these changes is a diminishing of profit per unit sold. This loss is presumably recouped, and in most instances it is in fact recouped by the greatest number of units sold.

"For us this situation is somewhat complicated at present by the circumstance that the value of the personal services of the independent agent or broker is now being tested in the market to ascertain whether it has enough weight to overcome the competitive feature of lower price.

"In the vernacular, business is business. Anything that runs contrary to the basic rules of good business must sooner or later give way.

"I have heard it said that there are two cardinal economic sins. One is trying to get something for nothing; the other is giving something for nothing.

"In certain areas of our operations, both in distribution and processing, it is possible that there are factors that may not be based on an economically sound foundation and which cannot therefore in the long run endure. For example: Insofar as we are denied the right to charge adequate rates for our product the public is getting a free ride. This is not good business. Insofar as any company and its producers may not be taking advantage of every feasible method of reducing costs of operations, the profit margin is reduced and competitive advantage is lost. This is not good business. Insofar as any producer is not providing service commensurate with his commissions he is getting a free ride. This is not good business. Insofar as juries may be granting high awards for reasons of sentiment or in the mistaken belief that insurance companies have unlimited resources, all claimants are unjustly benefited. This is not good business. Insofar as we are permitting a flat rate cancellation without charge after a policy has been in effect for a month or two we are giving away our product for free. This is not good business. There is no such thing as a free lunch."

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Tel. GL 2-7674
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Night Phone: MOnroise 3-7664
Florida 1-5095

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Fire and Casualty—All Lines
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Atlantic Mutual Offers NAIA Ad Tie-Ins

A series of nine professionally prepared advertisements, designed to help agents tie-in with the national ad campaign of the National Assn. of Insurance Agents, is being made available by Atlantic Mutual.

Miles F. York, president, said that surveys of agents indicate that the need for the type of material Atlantic Mutual has supplied for three years for local use is even greater now that the NAIA national advertising campaign has been successfully launched.

The new Atlantic Mutual ad program consists of nine "editorial" style ads. They feature light-hearted drawings and copy with a friendly informal touch.

In response to agents' requests, the ads are somewhat smaller this year. They are one newspaper column in width by about 120 agate lines, roughly eight inches, including the agent's signature. The ads are not modifications of company advertising adapted for agents' use; but are slanted entirely from the agents' viewpoint after consultation with them. Like the earlier advertisements, the current ones will contain no mention of Atlantic Mutual.

A complete set of mats for the nine ads can be obtained for \$5 from: W. I. Plitt, vice-president Atlantic Mutual, 770 Broadway, New York 3, N. Y. Agents can obtain free reprints in reasonable quantities from Mr. Plitt.

Says Agents Can Do Good Job On Loss Handling

(CONTINUED FROM PAGE 2)

did not feel that the loss was covered by the policy and so stated in my report to the insurance company. I asked that they send an adjuster out because I felt his technical training might indicate that the cause of the loss was different than I suspected.

Without calling for an appointment, the adjuster arrived at the home of my assured after dark on March 14. My assured was out of the city, but his wife, who was home alone, refused to admit him. I talked to my assured last week, and up until then the adjuster has had no further communication with them. I am quite curious as to how long they will have to wait to hear from him.

Mr. Carden believes that agents' adjustment of losses is going to ruin our business. I disagree. In the first place the agent who sells the insurance knows more about what he has sold than the average run of adjusters. In the second place he is trying to figure out ways and means of paying an honest loss in full under the terms of the policy. He is out to give, and does give immediate service to the insurance buying public. There is none of the interminable delay caused by the red tape in the adjustment procedures.

If I did not know my customers well enough to ask their indulgence when an adjuster gets on the job, I fear my companies and I would be put to it to retain their business.

Please understand that not all my losses are settled as poorly as the two I have mentioned. But the pleasure of finding an adjuster who has it in mind to try to figure out how to pay a loss under the policy is far too infrequent. They first survey the entire situation in an attempt to figure out some way not to pay it, or, at least, not to pay it in full. Theirs is a negative approach.

Delivery No Good Till Last Drop, Court Holds

The Missouri court of appeals has upheld a lower court ruling that a gasoline distributor could recover under his cargo insurance for a full shipment of gasoline, part of which caught fire in the storage tank of a filling station during delivery and was lost together with the remainder on the truck. The case is reported in 9 CCH (fire & casualty) 512.

The truck owned by John Rupp left Chillicothe, hauling 4,186 gallons of regular and 760 gallons of ethyl gasoline to Todd's service station in Salisbury, which is within a radius of 150 miles. While it was being discharged into the storage tank of the service station from the trailer, gasoline suddenly shot out of the air vent on the station's storage tank; 4,171 gallons of gasoline had been unloaded into the tank when the fire started. This was destroyed along with the 15 gallons of regular gas still on the delivery truck.

Gas Was Not In Truck

Hanover, which covered the risk, contended that it was not liable because the 4,171 gallons of gasoline were not "in or on" the truck and therefore had been delivered. The first paragraph of the insuring clause covered the loss of gasoline "sold but not delivered."

The court, however, ruled that under the law of sales there was no delivery until transfer of the possession of the entire shipment of 4,186 gallons of gasoline had been completed. Rupp was awarded a judgment of \$594, which was upheld by the higher court when Hanover appealed.

Slate Midwest CPCU Parleys At Bowling Green

The first CPCU institute meetings in the midwest will take place June 19-21 at Bowling Green University, O. The seminar-type meetings will discuss "Insurance Distribution." Final arrangements are now being completed by the Cleveland CPCU chapter, which is sponsoring the meetings.

A staff of 10 instructors, which will present a complete cross-section of the industry, will include: John S. Bickley, professor of insurance Ohio State University; Richard Cox, director of agencies Life of North America; A. Hawthorne Criddle, executive vice-president Osthemer-Walsh, Philadelphia; Kenneth Lawyer, director bureau of business research Western Reserve University; J. S. Richardson, vice-president Standard Accident; R. Maynard Toelle, secretary American Foreign Insurance Association; and Arthur I. Vorys, Ohio commissioner.

Attendance will be limited to 60 CPCUs.

Vetoes Limit On Md. FR

Gov. McKeldin vetoed a Maryland bill which would have relaxed the requirements of the financial responsibility law.

The measure would have set five years as the period during which financial responsibility must be maintained by a motorist before his registration could be renewed. An indefinite period is now required.

Map Plans For Town Inspection

Plans for a town inspection were studied by Cook County Fire Underwriters Assn. at the April meeting in Chicago. Under consideration was a 2-day school to instruct field men in how to make a proper town inspection. The inspection committee is under Herbert Kotecki, U.S.F.&G.



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ALL FIRE, CASUALTY, ACCIDENT AND SICKNESS, BONDING AND MARINE LINES

FINANCIAL STATEMENT, December 31, 1957

ASSETS

Cash in Banks and Office	\$ 6,261,415
Investments:	
United States Govern-	
ment Bonds	\$18,682,546
Other Bonds	57,810,920
Preferred Stocks	8,962,251
Stocks of Subsidiary	
Companies	2,425,207
Other Common Stocks	<u>26,598,848</u>
Total	114,479,772
Premium Balances in Course of Collection	
(not over 90 days due)	3,328,712
Accrued Interest	683,389
Other Admitted Assets	<u>1,946,694</u>
Total Admitted Assets	\$126,699,982

LIABILITIES

Reserve for Claims and Claim Expenses	\$ 42,988,444
Reserve for Unearned Premiums	30,321,016
Funds Held under Reinsurance Treaties	4,599,706
Reserve for Commissions, Taxes and	
Other Liabilities	<u>8,015,215</u>
Capital	\$ 6,600,000
Surplus	<u>34,175,601</u>
Surplus to Policyholders	<u>40,775,601</u>
Total	\$126,699,982

Securities carried at \$6,700,999 in the above statement are deposited as required by law. Bonds and stocks owned are valued in accordance with the requirements of the National Association of Insurance Commissioners; if valued at market quotations, Surplus to Policyholders would be \$38,221,264.

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